Capt. Roscoe Arthur Dean Stanis, Infantry, from May 1, 1935.

Capt. William Frederick Gent, Infantry, from May 1, 1935.

TO BE CAPTAINS

First Lt. Richard Bryan Wheeler, Infantry, from April 25, 1935.

First Lt. Thomas Roswell Aaron, Infantry, from April 30, 1935.

First Lt. David Albert Newcomer, Corps of Engineers, from April 30, 1935.

First Lt. Alfred Maximilian Gruenther, Field Artillery, from May 1, 1935.

First Lt. Herbert Bernard Loper, Corps of Engineers, from May 1, 1935.

First Lt. Williston Birkhimer Palmer, Field Artillery, from May 1, 1935.

First Lt. Robert Gibbins Gard, Field Artillery, from May 1, 1935.

First Lt. Herbert Maury Jones, Field Artillery, from May 1, 1935.

First Lt. Orville Wells Martin, Field Artillery, from May 1, 1935.

First Lt. Forrest Eugene Cookson, Infantry, from May 1, 1935.

First Lt. Alexander Sharp Bennet, Field Artillery, from May 1, 1935.

First Lt. George Sheldon Price, Field Artillery, from May 1, 1935.

First Lt. Wyburn Dwight Brown, Field Artillery, from May 1, 1935.

First Lt. Robert Miller Montague, Field Artillery, from May 1, 1935.

First Lt. Charles Pollard Jones, Field Artillery, from May 1, 1935.

First Lt. Anthony Clement McAuliffe, Field Artillery, from May 1, 1935.

First Lt. Lester Francis Rhodes, Corps of Engineers, from May 1, 1935.

First Lt. Albert Rhett Stuart Barden, Field Artillery, from May 1, 1935.

TO BE FIRST LIEUTENANTS

Second Lt. William Ball, Air Corps, from April 25, 1935.

Second Lt. Carl Rose Storrie, Air Corps, from April 30, 1935.

Second Lt. Merrill Davis Burnside, Air Corps, from April 30, 1935.

Second Lt. Hollingsworth Franklin Gregory, Air Corps, from May 1, 1935.

Second Lt. Eugene Harold Beebe, Air Corps, from May 1, 1935.

Second Lt. Harold Winfield Grant, Air Corps, from May 1, 1935.

Second Lt. Kenneth Alfred Rogers, Air Corps, from May 1, 1935.

Second Lt. Reuben Columbus Hood, Jr., Air Corps, from May 1, 1935.

Second Lt. Leslie Oscar Peterson, Air Corps, from May 1, 1935.

Second Lt. Irving Remsburg Selby, Air Corps, from May 1, 1935.

Second Lt. Floyd Bernard Wood, Air Corps, from May 1, 1935.

Second Lt. Theodore Mathew Bolen, Air Corps, from May 1, 1935.

Second Lt. Norman Delbert Sillin, Air Corps, from May 1, 1935.

Second Lt. Flint Garrison, Jr., Air Corps, from May 1, 1935.

Second Lt. James Leroy Jackson, Air Corps, from May 1, 1935.

Second Lt. Chester Price Gilger, Air Corps, from May 1, 1935, subject to examination required by law.

Second Lt. Hugh Arthur Parker, Air Corps, from May 1, 1935.

Second Lt. Thomas David Ferguson, Air Corps, from May 1, 1935.

## CONFIRMATIONS

*Executive nominations confirmed by the Senate May 3 (legislative day of May 1), 1935*

POSTMASTERS

COLORADO

Darius Allen, Colorado Springs.

MISSOURI

Adam B. Jenkins, Advance.
William H. Ward, Bonne Terre.
Floy E. Buxton, Carl Junction.
Roy M. Burchett, Elsberry.
Melissa M. Wilson, Hartville.
William G. Warner, Lamar.
Fred B. Pollock, Lilbourn.
William T. McMahan, Marshfield.
Clyde E. Walker, Mountain View.
Robert Stemmons, Mount Vernon.
Mae B. Whitfield, Oronogo.
Tom B. Northcutt, Seligman.
William E. Murphy, Sumner.

OHIO

Earl C. Windle, Sebring.

## REJECTION

*Executive nomination rejected by the Senate May 3 (legislative day of May 1), 1935*

POSTMASTER

ALABAMA

Henry B. Foster, Haleyville.

# HOUSE OF REPRESENTATIVES

## FRIDAY, MAY 3, 1935

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Heavenly Father, today we rejoice in health, happiness, and in the pride of life; Thou art mindful of us when we forget Thee, and careful of us when we are careless of ourselves. Accept our thanksgiving and praise and hear our humble appeal that just motives and earnest solicitude may thoroughly direct the Congress. With conviction and understanding may we be men with a message, men with a purpose, and men with a spirit to meet the challenge of our urgent duty. May we resolutely bear witness of our fidelity and justify our high calling. Hold us to the firm realization that while God is God it is always right to do right. Gracious Lord, bless our country and grant that its broad and extensive horizon may soon redden with a glowing hope and promise. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

EXTENSION OF REMARKS

Mr. DUFFY of New York. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to have printed in the RECORD a speech delivered by Mr. Frank E. Gannett, publisher of the Rochester Times Union and the Democrat and Chronicle. This address is on the banking situation and I think would be helpful to the discussion of the bill now pending before the House.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman tell us who made this speech?

Mr. DUFFY of New York. Mr. Frank E. Gannett, publisher of the Gannett Newspapers, a resident of Rochester, N. Y. He is the publisher of the Rochester Democrat and Chronicle and the Times Union. This is on the banking bill, and I think would be helpful to the consideration of the bill now before the House.

Mr. MICHENER. Mr. Speaker, reserving the right to object, is this the Vanderlip speech?

Mr. DUFFY of New York. No.

Mr. MICHENER. Would the gentleman include the Vanderlip speech also?

Mr. DUFFY of New York. I asked permission to insert that speech and it was not granted.

Mr. TRUAX. Mr. Speaker, reserving the right to object, may I suggest to the gentleman that he include certain excerpts of the Vanderlip speech, especially where he said that the farmers of America knew more about currency than the bankers?

Mr. WOODRUM. Mr. Speaker, reserving the right to object, I certainly do not like to object to requests that my colleagues make, and I shall not object. I do not think the Members ought to put speeches of other people in the RECORD in their extension of remarks. I do not care what any Member of Congress says in his own speech. He may make a speech criticizing the administration, he may make a speech criticizing me or anyone else and put it in the RECORD, but do not put the addresses of other people in the RECORD. Those things have no right to be in there under extension of remarks. I wish my amiable colleague, the gentleman from New York, would be magnanimous and set a precedent by withdrawing his request.

Mr. MANSFIELD. Will the gentleman yield?

Mr. WOODRUM. I yield to the gentleman from Texas.

Mr. MANSFIELD. I am going to ask permission to extend my remarks and to include therein a speech delivered by the Secretary of War and another speech by the Chief of Engineers of the Army. Would the gentleman have objection?

Mr. WOODRUM. Government officials are different. This is a practice that has grown up just recently and it is not proper. We used to have a rule that we would not include these various addresses and newspaper articles in the CONGRESSIONAL RECORD. Where will this all end?

Mr. DUFFY of New York. Mr. Speaker, I only made this request because I thought it would be helpful in the discussion of the banking bill now before the House.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. HOFFMAN. Mr. Speaker, in view of the reluctance to object on the other side, I will do the dirty work and object.

Mr. DUFFY of New York. Mr. Speaker, I withdraw my request.

PERMISSION TO ADDRESS THE HOUSE

Mr. CHAPMAN. Mr. Speaker, I ask unanimous consent to proceed for 3 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. CHAPMAN. Mr. Speaker, I wish to invite the attention of the Members of the House to the standard forms for bridge bills which have been worked out over a period of years by the Committee on Interstate and Foreign Commerce, which has jurisdiction of all bills authorizing the construction of bridges over navigable streams, State lines, and international boundaries. These forms are the result of much study and labor, in addition to long experience in handling bridge legislation.

A large number of these bills is referred to the committee each year. For example, in the last Congress the Subcommittee on Bridges considered 176 bills, 104 of which were reported by the full committee to the House, 90 of which passed the House and 86 of which passed both Houses.

Recently a number of Members have failed to follow the standard forms, probably because they were not available to the Members in printed form. That has caused a good deal of confusion and delay. It has been found necessary by the committee to correct many bills and sometimes to have them rewritten and reintroduced.

These bridge bills are of great importance to the Members sponsoring them, and of great interest to their respective constituencies. It will be a source of convenience to the Members of the House, will obviate the necessity of frequent delays, and expedite the passage of bridge legislation, if the Members in introducing bridge bills will adhere to the following approved and standard forms:

FORMS FOR BRIDGE BILLS

NO. 1

(Form for publicly owned free highway bridge, intrastate)

A bill granting the consent of Congress to the ________________

________________________________________

(Insert the name of the State, county, city, or highway department)

to construct, maintain, and operate a free highway bridge across the ________ River at or near ________.

*Be it enacted, etc.*, That the consent of Congress is hereby granted to the ________________________________

________________________________________

(Insert the name of the State, county, city, or highway department)

to construct, maintain, and operate a free highway bridge and approaches thereto across the ________ River, at a point suitable to the interests of navigation, at or near ________, in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

NO. 2

(Form for publicly owned free highway bridge, interstate)

A bill authorizing the ________________________________

________________________________________

(Insert the name of the State, county, city, or highway department)

to construct, maintain, and operate a free highway bridge across the ________ River at or near ________.

*Be it enacted, etc.*, That in order to facilitate interstate commerce, improve the Postal Service, and provide for military and other purposes, the ________________________________

________________________________________

(Insert the name of the State, county, city, or highway department)

be and is hereby authorized to construct, maintain, and operate a free highway bridge and approaches thereto across the ________ River, at a point suitable to the interests of navigation, at or near ________, in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

SEC. 2. There is hereby conferred upon the ________________

________________________________________

(Insert the name of the State, county, city, or highway department)

all such rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use real estate and other property needed for the location, construction, operation, and maintenance of such bridge and its approaches as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State in which real estate or other property is situated, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation or expropriation of property for public purposes in such State.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

NO. 3

(Form for publicly owned toll bridge, intrastate)

A bill granting the consent of Congress to the ________________

________________________________________,

(Insert the name of the State, county, city, or highway department)

to construct, maintain, and operate a toll bridge across the __________ River at or near __________.

*Be it enacted, etc.*, That the consent of Congress is hereby granted to the ________________________________

________________________________________

(Insert the name of the State, county, city, or highway department)

to construct, maintain, and operate a bridge and approaches thereto across the __________ River, at a point suitable to the interests of navigation, at or near __________, in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. If tolls are charged for the use of such bridge, the rates of toll shall be so adjusted as to provide a fund sufficient to pay the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of the bridge and its approaches, including reasonable interest and financing cost, as soon as possible under reasonable charges, but within a period of not to exceed ______ years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the costs of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected, shall be kept and shall be available for the information of all persons interested.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

NO. 4

(Form for publicly owned toll bridge, interstate)

A bill authorizing the ________________________________________

________________________________________

(Insert the name of the State, county, city, or highway department)

to construct, maintain, and operate a toll bridge across the __________ River at or near __________.

*Be it enacted, etc.*, That in order to promote interstate commerce, improve the Postal Service, and provide for military and other purposes, the ________________________________________

________________________________________

(Insert the name of the State, county, city, or highway department) be and is hereby authorized to construct, maintain, and operate a bridge and approaches thereto across the __________ River, at a point suitable to the interests of navigation, at or near __________, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. There is hereby conferred upon ____________________

________________________________________

(Insert the name of the State, county, city, or highway department) all such rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use real estate and other property needed for the location, construction, maintenance, and operation of such bridge and its approaches, as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State in which such real estate or other property is situated, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation or expropriation of property for public purposes in such State.

SEC. 3. The said ________________________________________

________________________________________

(Insert the name of the State, county, city, or highway department) is hereby authorized to fix and charge tolls for transit over such bridge, and the rates of toll so fixed shall be the legal rates until changed by the Secretary of War under the authority contained in the act of March 23, 1906.

SEC. 4. In fixing the rates of toll to be charged for the use of such bridge the same shall be so adjusted as to provide a fund sufficient to pay for the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the cost of such bridge and its approaches, including reasonable interest and financing cost, as soon as possible, under reasonable charges, but within a period of not to exceed __________ years from the completion thereof. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the cost of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected shall be kept and shall be available for the information of all persons interested.

SEC. 5. The right to alter, amend, or repeal this act is hereby expressly reserved.

NO. 5

(Form for privately owned toll bridge, intrastate)

A bill authorizing ______, its successors and assigns (or his or their heirs, legal representatives, and assigns), to construct, maintain, and operate a bridge across the ______ River at or near ______.

*Be it enacted, etc.*, That in order to promote interstate commerce, improve the Postal Service, and provide for military and other purposes, ______, its successors and assigns (or his or their heirs, legal representatives, and assigns), be and is hereby authorized to construct, maintain, and operate a bridge and approaches thereto across the ______ River, at a point suitable to the interests of navigation, at or near ______, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the conditions and limitations contained in this act.

SEC. 2. After the completion of such bridge, as determined by the Secretary of War, either the State of ______, any political subdivision thereof within or adjoining which any part of such bridge is located, or any two or more of them jointly, may at any time acquire and take over all right, title, and interest in such bridge and its approaches, and any interest in real property necessary therefor, by purchase or by condemnation or expropriation, in accordance with the laws of such State governing the acquisition of private property for public purposes by condemnation or expropriation. If at any time after the expiration of ______ years after the completion of such bridge the same is acquired by condemnation or expropriation, the amount of damages or compensation to be allowed shall not include goodwill, going value, or prospective revenues or profits, but shall be limited to the sum of (1) the actual cost of constructing such bridge and its approaches, less a reasonable deduction for actual depreciation in value; (2) the actual cost of acquiring such interests in real property; (3) actual financing and promotion cost, not to exceed 10 percent of the sum of the cost of constructing the bridge and its approaches and acquiring such interests in real property; and (4) actual expenditures for necessary improvements.

SEC. 3. If such bridge shall at any time be taken over or acquired by the State of ______, or by any municipality or other political subdivision or public agency thereof, under the provisions of section 2 of this act, and if tolls are thereafter charged for the use thereof, the rates of toll shall be so adjusted as to provide a fund sufficient to pay for the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management and to provide a sinking fund sufficient to amortize the amount paid therefor, including reasonable interest and financing cost, as soon as possible under reasonable charges, but within a period of not to exceed ______ years from the date of acquiring the same. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the amount paid for acquiring the bridge and its approaches, the actual expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected shall be kept and shall be available for the information of all persons interested.

SEC. 4. The ______, its successors and assigns (or his or their heirs, legal representatives, and assigns), shall, within 90 days after the completion of such bridge, file with the Secretary of War and with the highway department of the State of ______, a sworn itemized statement showing the actual original cost of constructing the bridge and its approaches, the actual cost of acquiring any interest in real property necessary therefor, and the actual financing and promotion costs. The Secretary of War may, and at the request of the highway department of the State of ______ shall, at any time within 3 years after the completion of such bridge, investigate such costs and determine the accuracy and the reasonableness of the costs alleged in the statement of costs so filed, and shall make a finding of the actual and reasonable costs of constructing, financing, and promoting such bridge; for the purpose of such investigation the said ______, its successors and assigns (or his or their heirs, legal representatives, and assigns), shall make available all of its records in connection with the construction, financing, and promotion thereof. The findings of the Secretary of War as to the reasonable costs of the construction, financing, and promotion of the bridge shall be conclusive for the purposes mentioned in section 2 of this act, subject only to review in a court of equity for fraud or gross mistake.

SEC. 5. The right to sell, assign, transfer, and mortgage all the rights, powers, and privileges conferred by this act is hereby granted to ______, its successors and assigns (or his or their heirs, legal representatives, and assigns), and any corporation to which or any person to whom such rights, powers, and privileges may be sold, assigned, or transferred, or who shall acquire the same by mortgage foreclosure or otherwise, is hereby authorized and empowered to exercise the same as fully as though conferred herein directly upon such corporation or person.

SEC. 6. The right to alter, amend, or repeal this act is hereby expressly reserved.

NO. 6

(Form for privately owned toll bridge, interstate)

A bill authorizing ______, its successors and assigns (or his or their heirs, legal representatives, and assigns), to construct, maintain, and operate a bridge across the ______ River at or near ______.

*Be it enacted, etc.*, That in order to facilitate interstate commerce, improve the Postal Service, and provide for military and other purposes ______, its successors and assigns (or his or their heirs, legal representatives, and assigns), be and is hereby authorized to construct, maintain, and operate a bridge and approaches thereto across the ______ River, at a point suitable to the interests of navigation, at or near ______, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the condition and limitations contained in this act.

SEC. 2. There is hereby conferred upon ______, its successors and assigns (or his or their heirs, legal representatives, and assigns), all such rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use real estate and other property needed for the location, construction, operation, and maintenance of such bridge and its approaches as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State in which such real estate or other propety is situated, upon making just compensation therefor, to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation or expropriation of property for public purposes in such State.

SEC. 3. The said ______, its successors and assigns (or his or their heirs, legal representatives, and assigns), is hereby authorized to fix and charge tolls for transit over such bridge, and the rates of toll so fixed shall be the legal rates until changed by the Secretary of War under authority contained in the act of March 23, 1906.

SEC. 4. After the completion of such bridge, as determined by the Secretary of War, either the State of ______, the State of ______, any public agency or political subdivision of either of such States, within or adjoining which any part of such bridge is located, or any two or more of them jointly, may at any time acquire and take over all right, title, and interest in such bridge and its approaches, and any interest in real property necessary therefor, by purchase or by condemnation or expropriation, in accordance with the laws of either of such States governing the acquisition of private property for public purposes by condemnation or expropriation. If at any time after the expiration of ______ years after the completion of such bridge the same is acquired by condemnation or expropriation, the amount of damages or compensation to be allowed shall not include good will, going value, or prospective revenues or profits, but shall be limited to the sum of (1) the actual cost of constructing such bridge and its approaches, less a reasonable deduction for actual depreciation in value; (2) the actual cost of acquiring such interests in real property; (3) actual financing and promotion costs, not to exceed 10 percent of the sum of the cost of constructing the bridge and its approaches and acquiring such interests in real property; and (4) actual expenditures for necessary improvements.

SEC. 5. If such bridge shall at any time be taken over or acquired by the States or public agencies or political subdivisions thereof, or by either of them, as provided in section 4 of this act, and if tolls are thereafter charged for the use thereof, the rates of toll shall be so adjusted as to provide a fund sufficient to pay for the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to amortize the amount paid therefor, including reasonable interest and financing cost, as soon as possible under reasonable charges, but within a period of not to exceed ______ years from the date of acquiring the same. After a sinking fund sufficient for such amortization shall have been so provided, such bridge shall thereafter be maintained and operated free of tolls, or the rates of toll shall thereafter be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management. An accurate record of the amount paid for acquiring the bridge and its approaches, the actual expenditures for maintaining, repairing, and operating the same and of the daily tolls collected, shall be kept and shall be available for the information of all persons interested.

SEC. 6. The ______, its successors and assigns (or his or their heirs, legal representatives, and assigns), shall within 90 days after the completion of such bridge file with the Secretary of War and with the highway departments of the States of ______ and ______ a sworn itemized statement showing the actual original cost of constructing the bridge and its approaches, the actual cost of acquiring any interest in real property necessary therefor, and the actual financing and promotion costs. The Secretary of War may, and upon request of the highway department of either of such States shall, at any time within 3 years after the completion of such bridge, investigate such costs and determine the accuracy and the reasonableness of the costs alleged in the statement of costs so filed, and shall make a finding of the actual and reasonable costs of constructing, financing, and promoting such bridge; for the purpose of such investigation the said ______, its successors and assigns (or his or their heirs, legal representatives, and assigns), shall make available all of its records in connection with the construction, financing, and promotion thereof. The findings of the Secretary of War as to the reasonable costs of the construction, financing, and promotion of the bridge shall be conclusive for the purposes mentioned in section 4 of this act, subject only to review in a court of equity for fraud or gross mistake.

SEC. 7. The right to sell, assign, transfer, and mortgage all the rights, powers, and privileges conferred by this act is hereby granted to ______, its successors and assigns (or his or their heirs, legal representatives, and assigns), and any corporation to which or any person to whom such rights, powers, and privileges may be sold, assigned, or transferred, or who shall acquire the same by mortgage foreclosure or otherwise, is hereby authorized and empowered to exercise the same as fully as though conferred herein directly upon such corporation or person.

SEC. 8. The right to alter, amend, or repeal this act is hereby expressly reserved.

NO. 7

(Form for privately owned toll bridge, International)

A bill authorizing __________, its successors and assigns (or his or their heirs, legal representatives, and assigns), to construct, maintain, and operate a bridge across the __________ River at or near ________.

*Be it enacted, etc.*, That in order to facilitate international commerce, improve the Postal Service, and provide for military and other purposes, __________, its successors and assigns (or his or their heirs, legal representatives, and assigns), be and is hereby authorized to construct, maintain, and operate a bridge and approaches thereto across the __________ River, so far as the United States has jurisdiction over the waters of such river, at a point suitable to the interests of navigation, at or near __________, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, subject to the conditions and limitations contained in this act, and subject to the approval of the proper authorities in __________.

SEC. 2. There is hereby conferred upon __________, its successors and assigns (or his or their heirs, legal representatives, and assigns), all such rights and powers to enter upon lands and to acquire, condemn, occupy, possess, and use real estate and other property in the State of __________ needed for the location, construction, operation, and maintenance of such bridge and its approaches, as are possessed by railroad corporations for railroad purposes or by bridge corporations for bridge purposes in the State of __________, upon making just compensation therefor to be ascertained and paid according to the laws of such State, and the proceedings therefor shall be the same as in the condemnation or expropriation of property for public purposes in such State.

SEC. 3. The said __________, its successors and assigns (or his or their heirs, legal representatives, and assigns), is hereby authorized to fix the charge tolls for transit over such bridge in accordance with any laws of __________ applicable thereto, and the rates of toll so fixed shall be the legal rates until changed by the Secretary of War under the authority contained in the act of March 23, 1906.

SEC. 4. The right to sell, assign, transfer, and mortgage all the rights, powers, and privileges conferred by this act, is hereby granted to __________, its successors and assigns (or his or their heirs, legal representatives, and assigns), and any corporation to which or any person to whom such rights, powers, and privileges may be sold, assigned, or transferred, or who shall acquire the same by mortgage foreclosure or otherwise, is hereby authorized and empowered to exercise the same as fully as though conferred herein directly upon such corporation or person.

SEC. 5. The right to alter, amend, or repeal this act is hereby expressly reserved.

NO. 8

(Form for railroad bridge)

A bill granting the consent of Congress to the ________________ to construct, maintain, and operate a railroad bridge across the ________ River at or near ________

*Be it enacted, etc.*, That the consent of Congress is hereby granted to the __________, its successors and assigns, to construct, maintain, and operate a railroad bridge and approaches thereto across the __________ River, at a point suitable to the interests of navigation, at or near __________, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

SEC. 2. The right to sell, assign, transfer, and mortgage all the rights, powers, and privileges conferred by this act is hereby granted to __________, its successors and assigns, and any party to whom such rights, powers, and privileges may be sold, assigned, or transferred, or who shall acquire the same by mortgage foreclosure or otherwise is hereby authorized to exercise the same as fully as though conferred herein directly upon such party.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

NO. 9

(Form for railroad bridge, international)

A bill granting the consent of Congress to the ________________ to construct, maintain, and operate a railroad bridge across the ________ River at or near ________.

*Be it enacted, etc.*, That the consent of Congress is hereby granted to the ______, its successors and assigns, to construct, maintain, and operate a railroad bridge and approaches thereto across the ______ River, so far as the United States has jurisdiction over the waters of such river, at a point suitable to the interests of navigation, at or near ______, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, and subject to the approval of the proper authorites in ______.

SEC. 2. The right to sell, assign, transfer, and mortgage all the rights, powers, and privileges conferred by this act is hereby granted to ______, its successors and assigns, and any corporation to which or any person to whom such rights, powers, and privileges may be sold, assigned, or transferred, or who shall acquire the same by mortgage foreclosure or otherwise, is hereby authorized and empowered to exercise the same as fully as though conferred herein directly upon such corporation or person.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

NO. 10

(Form to extend the time for constructing a bridge)

A bill to extend the times for commencing and completing the construction of a bridge across the __________ River at or near __________.

*Be it enacted, etc.*, That the times for commencing and completing the construction of the bridge across the ______ River, at or near ______, authorized to be built by ______, by the act of Congress approved ______, are hereby extended 1 and 3 years, respectively, from the date of approval hereof.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

EXTENSION OF REMARKS

Mr. MANSFIELD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a speech delivered by the Secretary of War last night and also to include an address delivered by the Chief of Engineers yesterday before the National Rivers and Harbors Congress.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

IMPORTANCE OF WATER RESOURCES AND PROGRESS OF WATERWAY DEVELOPMENT

Mr. MANSFIELD. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address of Hon. George H. Dern, Secretary of War, at the annual banquet of the National Rivers and Harbors Congress, Mayflower Hotel, Washington, D. C., May 2, 1935:

I have come to discuss our most vital national resource—water. I have come to speak to a body of nonpartisan patriots, determined that our water resources shall be of maximum benefit to our country and contribute to the fullest extent to the well-being of its citizens.

I have come as the sixty-ninth head in lineal succession of one of the three original great Government departments, and the one to which major waterway improvements have always been intrusted, to pledge the utmost in enlightened and energetic prosecution of waterway affairs.

I have come to repeat publicly my pledge to the President that as my Department has been first in war, so it is ready to be first in peace—the spearhead of his drive to eliminate unemployment through the improvement of those water resources which govern all life, and which, of necessity, must be the focal point around which other forms of improvement must be grouped. We have the plans for the work and the engineers to execute it.

I have come as Secretary of War and as an individual, to express my faith in waterway improvements, not merely as a means for relieving unemployment and for reviving the heavy industries, but as a sound addition to our capital equipment, to strengthen our economic structure and to promote social development.

From the earliest ages, waterways have had a critical influence on the development of civilization and the spread of culture. Economic expansion has followed them. From the time, in 1607, when the *God-speed*, the *Susan Constant*, and the *Discovery* sailed up the James River with the dauntless and intrepid band of settlers who founded our country; from the time a few years later when the *Mayflower*, with its cargo of inspired pioneers first spread its sails in Massachusetts Bay, our civilization has followed our waterways. Even in the conquest of the western plains and mountains, prairie schooners set out only when navigation could be pushed no further inland. And our streams carried our prospectors into the heart of Alaska.

Only with a highly developed and efficient transportation system can a powerful and reliable economic structure be erected and maintained. Our waterways are arteries of such a system. Through our ports come rubber, tin, textiles, spices, machinery, and inventions of other lands which go to make a fuller and better life, and out of them go those products, such as cotton, wheat, cattle, oil, and manufactured articles, on the production of which whole sections of our country depend.

The great rivers with which we are blessed reach inland with their commerce. I sometimes wonder whether our great cities, with their present manifold activities, realize that the waterways have made them what they are, and recognize the important part in the continued growth of those cities which improved waterways have played. The truth of this statement with respect to the great eastern seaboard cities, and in regard to the large cities on the Gulf and on the Pacific coast, is perhaps apparent, but how much credit do the waterways receive for the development and continued prosperity of such inland cities as Pittsburgh, Chicago, St. Louis, Cincinnati, St. Paul, Duluth, Detroit, Memphis, Sacramento, and many others?

Costly forms of transportation in the interior have placed that region at a disadvantage with the coast, and the scope of its economic effort has been curtailed. The farmer pays for the transportation of his products, and he has been paying for this interior disadvantage by the sweat of his brow. The manufacturer has been forced to the seaboard by high freight rates, thus retarding industrial development in the midst of our greatest agricultural area.

I like to think of the great Mississippi not as a dividing line between the East and the West, but as a broad artery of trade connecting the Great Lakes and the Gulf, with arms in the Ohio and Tennessee reaching to the Alleghenies, and in the Missouri and Arkansas tapping the fertile western plains and the slopes of the Rockies—a real bond and link between East and West, North and South, rather than a barrier.

Within a few miles of the Capitol are communities which are almost wholly dependent on waterways for their transportation, and for an outlet to their markets. To deprive our country of its water transportation would paralyze trade and would wholly change our commercial structure. To fail to forge ahead in their improvement or to keep pace with modern requirements would be a breach of public trust.

Our Federal Government is alone empowered to make a comprehensive development of our waterways. It recognizes its responsibilities to the people. Let not selfish interests seek to undermine the edifice which has been erected in our waterway transportation system, as worms boring within the timbers of a ship eventually destroy it.

Our streams are important not alone as carriers of commerce. Even the most hardened of us must drink water occasionally. The general excellence of our water supplies has made for a healthy country, and made possible the concentration of population we now have. Our sanitary engineers are world leaders in their field, and the water works of this country, of which there are good examples here, are unsurpassed.

Water is a dynamic resource. Our coal and oil may become exhausted—already this is predicted—but the waters will flow forever. Water power turned the grist mills which ground our fathers' wheat and corn. Water power developed the factories of New England, the textile industry of the South. Hydroelectric development now permits a diversification of the benefits of stream flow far from the stream itself, and in some places is the sole reliance of a considerable population for light, heat, and power. Our resources in hydro power are unexcelled and only partly developed. Our use of these resources is abreast or ahead of world progress.

In the Far West are regions where the soil is richer, deeper, and more productive than almost anywhere else in the United States, but where nature has been niggardly in providing the life-giving water to make things grow. Where there is no water there is no life. Such spots are a challenge to man's ingenuity in conducting water from afar. He has responded magnificently, and great valleys that were once deserts are now a countryside of smiling fields and orchards, with progressive American communities that form an important market for the products of Eastern manufacturing centers. Irrigation is a sound national policy, and is generally practiced where the people do not know the meaning of the words "marginal" or "submaginal" as applied to land. The development of larger areas may logically be expected, to meet the demands of an expanding or shifting population.

Nature, not always kind in furnishing water, sometimes provides it in too great abundance. In these localities, the fertility of the soil is such that venturesome man invades the regions despite the risk, and hence engineering works of the first magnitude have been required, to save for the Nation those farm lands so necessary for our growing population, and those commercial centers so essential as a market for raw materials and manufactured products.

And when there is the use of lakes and streams for recreational purposes. We are just beginning to learn that those who live the strenuous life must play a little now and then. To furnish the people recreational facilities is a public responsibility and function. By the same token, stream pollution likewise becomes a public problem; and it is one that we ought to face right away.

If proof is necessary, I have said enough to convince even a skeptic that water controls our civilization. What is to be the future of our waterways? In considering this, it should be profitable to review briefly some notable achievements of the past. No doubt, the Chief of Engineers and others who will address you will give details of the work of the War Department which will be of intense interest to you. What I wish to do is merely to call attention, in broad outline, to some major accomplishments.

When your organization was formed in 1901, at the dawn of this century, works for the improvement of our rivers and harbors had progressed from the first few modest undertakings designed to provide for the small carriers in use during the early history of the Republic, to more ambitious and extensive projects in keeping with the requirements of modern shipping and the technical progress which had been made since the days of George Washington and his Potowmack and James Canals. The work had been done progressively and as any prudent individual would conduct his own affairs—according to reasonably prospective needs and the condition of his finances. Where life and health were involved, especially, consideration was given to worthy projects.

As ambitious as some of these projects were for their time, they seem small when viewed in retrospect.

Up to 1900, the War Department had expended some $313,000,000 on waterway improvements, and the total appropriations available for expenditure by the Department during that year did not reach $19,000,000, a sum less than now available to a single Engineer district. With the improvement in our transportation system, some of the earlier projects were outmoded, whilst others were fast becoming more important, and the needs of navigation insistently demanded their enlargement.

Let us glance for a moment at the record of the last 35 years on this, your thirtieth meeting and your thirty-fifth birthday. Since your association was formed, the Panama Canal was begun and completed as an American undertaking—a truly magnificent achievement that stirs the pride of every American. Taken up where others had failed, the work was pushed brilliantly to completion, and has become a model of engineering organization and achievement which the whole world acclaims. The work on the Atlantic Harbors has been less spectacular because it is under water, but it is no less important. These great harbors and entrance channels have been deepened from about 25 feet to from 35 to 40 feet. The important interior link of waterways along the Atlantic coast is now nearing completion, and is of outstanding significance.

The South has developed rapidly, and with the oil fields in the Southwest has added greatly to Gulf commerce, necessitating far-reaching improvements in Gulf ports and connecting waterways. The improvement of the Texas ports, and the vast commerce using them, has come largely since your Congress first met.

The Pacific ports have shared in the general improvement. The Columbia, improved by monumental breakwaters and other works, is substantially a development of the last 35 years. Los Angeles has attained the prominent place it holds as a port and city during this period. San Francisco, with its magnificent inland harbor, has profited by interior channel improvements.

The deepened connecting channels and the harbor improvements on the Great Lakes, together with technical industrial progress, have made possible the development of the greatest interior water commerce in the world, the major part of which has come since the turn of the century. This development points directly to the projected Great Lakes-St. Lawrence seaway, by means of which ocean commerce may be brought to the heart of the American continent and enormous hydroelectric power resources developed for man's use. How much longer this great, permanent natural resource will be left lying idle I do not know, but I do know that sometime the sister republics of Canada and the United States will develop it as a joint undertaking for their mutual benefit.

The interior rivers have not been neglected, but are now receiving preferential treatment. From a few disconnected stretches where improvements had been begun, the vast Mississippi with its tributaries has been changed during the life of your organization into an integrated system, which will soon permit the operation of boats of uniform draft from the Alleghenies and the Lakes to the Gulf, and even to Kansas City and beyond—the most extensive system of river navigation in the world. The final stages of this improvement are at hand. The upper Mississippi from St. Paul to St. Louis is being transformed by the construction of more than a score of dams into a chain of beautiful lakes, connected by locks and canals, to permit safe and dependable navigation from St. Paul to the Gulf, to say nothing of the recreational value of these bodies of water. The Missouri River is being regulated from its mouth to Sioux City, and the Fort Peck Dam is being constructed to provide ample water for navigation throughout the season. Barge operation between St. Louis and Kansas City will be inaugurated early next month. I am hopeful of securing an allotment of funds sufficient to push the upper Mississippi and the Missouri River projects to early completion.

Works for the control of floods on the lower Mississippi, and on the Sacramento, which were begun in a modest way, largely through local initiative and enterprise, have now been taken over by the Federal Government to a large extent, and have been increased enormously during the period we are considering. Works for the development of power, and the improvement of water supplies, have been undertaken and completed throughout the entire country. Irrigation has made great strides under the efficient direction of the Bureau of Reclamation in the Department of the Interior.

These are significant accomplishments, not abstract theories. The improvements have had, are having, and will have, a far-reaching influence on our cultural, economic, and social life.

I call them to your attention to refresh your memory and to impress you with the increased tempo with which the work has been prosecuted during recent years. It has cost large sums of money, but the expenditures have been commensurate with the importance of the work, the increasing wealth of the country, and, very recently, with the social and economic requirements of the emergency.

Over $2,000,000,000 have now been spent or allotted to vital improvements undertaken by the War Department. Compare this figure with that of 1900. Since that time about 85 percent of the work has been done. Prior to the new relief appropriation of $4,800,000,000, the present administration has allotted about $515,000,000 to this work. This is nearly twice as much as was made available for similar work during the whole century preceding the birth of your organization. Certainly the waterway new deal has been a square deal.

Let us look at the present situation. You are doubtless familiar with the scope and extent of the projects under way; the rapidity with which they were undertaken; the vigor with which work at Fort Peck, Bonneville, the Mississippi, the Missouri, the Muskingum, along the coast, on the Lakes, and elsewhere, is being prosecuted.

Hundreds of millions were allotted, and the work was put under way with astonishing promptness and is being pushed to completion with gratifying speed. Hundreds of thousands of idle men have been given employment and are now engaged on work of this character. Human requirements have been kept in the foreground. Not only those of the individuals have been given consideration, but the rights of contractors have been fairly protected. The Department was the first Government agency to draw contracts in which wages and proper living conditions of employees were safeguarded.

River and harbor improvements have such a high social value, can furnish prompt and wide-spread employment to so many men, and will so stimulate the durable-goods industries that I am sanguine of receiving generous allotments out of the new public-works appropriation. Both the intrinsic merit of waterways projects and their wide-spread benefits insure this.

In the river and harbor bill just passed by the House of Representatives there are 204 projects, 127 of which are new and 77 of which were included to give permanent status to work already completed or under way with emergency funds. I understand that still other projects are being considered by the Senate committee which is handling this bill.

But even the remarkable progress which has led up to the present situation does not represent the last word in the orderly and comprehensive development of our water resources. Many other projects and plans are ready for consideration and adoption when social, financial, and economic conditions demand, and still others are in preparation. As you know, these improvements are not haphazard developments. All projects have been given the most searching investigation prior to their adoption. I say this not only on my own authority but on that of many of your leaders, past and present, who have given the matter consideration.

The War Department, for years, has been a major planning agency. Its place in our national organization requires that. It has made a longer and more extensive study of organization and planning than has any other agency in the country. All forms of industrial activity will find prototypes of their organization in the Department. Industry recognizes these facts, and students have recorded them in their works.

The Department has planned for the future, and is continuing to do so, to the extent that funds and authority are available. The pioneer planning undertaken by the Department was given a major impetus when authority was given and money made available to conduct a comprehensive survey of the streams of the country, as listed in House Document No. 308, Sixty-ninth Congress. This survey, the first and most comprehensive of its kind ever undertaken, has resulted in the accumulation of data of far-reaching importance, and the formulation of plans for 1,600 definite projects. Not only were navigation, power, flood control and irrigation given consideration in these plans, but where these were patently involved with other water uses, those other uses were studied and provision was made for them. The survey is the foundation on which all of our general waterway plans have been formulated. It is alive. Plans are being kept abreast of the times, and developed to meet changing social and economic conditions and the reasonably prospective needs of the future. A summary or index of the reports of this survey has been mimeographed and is available to you.

The War Department is most fortunate in being able to number among its friends and supporters, an organization such as yours, which is devoted to the rational development of our paramount national asset. In bringing before the Congress, the Administration, and the War Department, worthy projects for inclusion in our national waterways plan, in presenting local views, and most important of all, in assisting in the crystallizations of national opinion, you have rendered a signal service to your homes, your States, and your country. Under its present officers, and with the leadership and Membership of your Congress, I feel confident that even greater accomplishments will be possible in the future.

The work before us involves the solution of problems which are too important to be intrusted to any group except one composed of professional men, who, by training and lifelong experience, are qualified to render the country a high order of service, and who are uninfluenced by sectional or professional jealousies and personal ambitions. The task is too vast and too important to be given to those having only local or theoretical experience, or whose experience is limited to some special phase of waterway development.

The Department recognizes its responsibilities in the matter of waterway development. That stern and accomplished old Roman, Julius Frontinus, fresh from triumphs on the battlefields, when made curator of waters by the Emperor Nerva, in the year 97 A. D., expressed his sense of honor at the appointment by recording in his memoirs that his duties "from olden time, have been exercised only by the most distinguished citizens." As in the mighty Roman Empire, so in this mighty country has the task of handling our waters been intrusted to the most distinguished citizens. Five former Presidents of the United States and the only President of the Confederacy were given the task of improving our waterways. Some of our great soldiers, like Frontinus of old, who won battles for his emperor in Spain and Britain, have been engaged upon our waterway improvements. Lee and Meade, Beauregard and Humphreys, Goethals and Sibert have earned enduring fame as soldiers and as engineers.

There are men among the Army Engineers today with the same high ability, integrity, and zeal, and who, moreover, are inspired by these famous former members of their corps to perform even greater service for the country if the opportunity is given them.

The War Department, with over a century of experience in every type of waterway development, with not only the experience, but with a record of probity and achievement unrivaled by any other engineering organization in the world, will be devoted in the future, as in the past, to planning and executing the works which you have so close at heart.

The Army in this country has never started any of the Nation's wars but has finished them all successfully. Its victories in peace have been no less renowned than in war, and it glories as much in its economic achievements as it does in seeing the serried ranks returning home in triumph from the battlefield.

The Army accepts the challenge of the depression. We are ready to forge ahead on the President's program of ending misery and of providing the country with enduring improvements.

I know we can count on your continued enthusiastic cooperation. Let your accomplishments in the past be but the prelude to still greater service in the future.

DEVELOPMENTS IN WATERWAY IMPROVEMENTS

Mr. MANSFIELD. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address of Maj. Gen. E. M. Markham, Chief of Engineers, United States Army, before the National Rivers and Harbors Congress, in Washington, and to the country by Nation-wide radio broadcast over the system of the National Broadcasting Co., May 2, 1935:

Mr. President and gentlemen, it is a great privilege to have the opportunity again to appear before the membership of the National Rivers and Harbors Congress, and to speak briefly of the developments in waterway improvements since your last annual meeting, particularly since the influence of your Congress has been an important one in the comprehensive and intelligent improvement program for utilizing to the best advantage the great natural assets afforded by our national waterways.

Last year, I told you that prior to 1928, the annual appropriation for the maintenance and improvement of our rivers and harbors had averaged from $40,000,000 to $50,000,000, and for flood control, about $10,000,000, and that in the 5 years preceding the National Industrial Recovery Act, approximately $400,000,000 was expended on rivers and harbors, and $158,000,000 on flood control. When I addressed you last year, there had been received as a part of the augmented budget for emergency relief, $250,000,000 for application to rivers and harbors and flood control. That amount has been increased until, at the present time, a total of $356,000,000 has been received for the purposes stated. These funds have practically all been obligated. Of the river and harbor funds made available from the National Industrial Recovery Act, there remains unexpended but $15,000,000 or about 4 percent. These resources have made possible a major contribution to employment relief and a noteworthy advance in the development of our waterways.

The record of the first year of our emergency expenditures, in the preparation of plans and specifications and in speedily placing the work under way, has been continued as a consequence of which, I feel it my duty to speak gratefully again of the enthusiastic and loyal efforts of my organization in the purpose that the emergency program should be successful.

As allotments were necessarily influenced by the need for providing employment, a number of projects urgently demanded by navigation have not been included in the emergency works authorized. The funds, however, have permitted the initiation of a number of major projects which will be completed when additional allotments are made. Some of the more important enterprises on which material progress is in evidence, but for which more funds are required for completion, are the Delaware River from Philadelphia to Trenton, the Intracoastal Waterway along the Atlantic coast, the canalization project for the upper Mississippi River, the regulation program for the Missouri River, and the construction of the Fort Peck Reservoir. The Bonneville Dam, the replacement program on the Kanawha River, the completion of the channels in the Great Lakes, the enlargement of the Cape Cod Canal, further work in Tampa, Miami, Boston, Sabine-Neches Waterway, the Louisiana-Texas Intracoastal Waterway, and several of the important Great Lakes ports will likewise require further funds.

This Department has prepared a comprehensive program, which, in addition to the completion of these projects, provides for continuing work on the projects hitherto authorized by Congress, or recommended to Congress, and included in the river and harbor bill recently passed by the House of Representatives and now before the Senate. Preliminary plans and specifications are well advanced for all of these improvements and the Department is prepared to place them under way as rapidly as funds become available. Their completion will insure that with the end of the depression and the inevitable commercial expansion which will follow, our waterways will be prepared to meet the demands of navigation and to play their usual important part in the maintenance of prosperity.

The emergency relief appropriations have also provided funds for certain flood-control projects. These funds have been applied only to projects authorized by Congress, to those combined with other improvements, or where the local interests have contributed in large part to the project. These developments include the authorized flood-control plan for the Mississippi River, that for the Sacramento River, and the comprehensive plan for the Muskingum Conservancy District. On the Muskingum, our Department is acting as the construction agency in providing 14 flood-control reservoirs under a contractual agreement between the Administration of Public Works and the Conservancy District. The district pays approximately one-third of the cost. The Fort Peck and Tygart Dams will be of material value to flood control, although both of these reservoirs are designed primarily to augment low-water flow for navigation purposes.

The comprehensive surveys and investigations undertaken by the Engineer Department have developed a large number of meritorious flood-control projects, many of which are needed to reduce the enormous damages resulting from periodic high water. These flood-control projects provide for relief by the use of reservoirs, levees, stream clearing, and cut-offs. This work is of a type peculiarly adapted to performance by relief labor. It can be placed under way with a minimum of delay, and it is distributed over a large territory. Though it is true that the benefits from some projects are largely local, the collective effect of the work will be Nation-wide owing to its suitability as a relief measure and its wide-spread distribution.

A list of the more meritorious of these projects is ready for consideration by constituted authority as a part of the Emergency Relief program. The data on hand in the Department, which covers virtually the entire country, will enable it to report promptly on plans for additional flood control. The execution of flood-control projects will be of tremendous value to agriculture as well as to large and small communities, and in many cases will remove actual hazards not only to property but to human life. It is reasonably certain that such projects will not involve future maintenance or expenditures by the Government, because their inherent value to local communities are such that they will undoubtedly be more than willing to assume the responsibility for future maintenance of these works.

I wish that I were able at this time to set out for your information the waterway program which may be expected under the recent work-relief appropriation. However, the administration has clearly shown in its allocation of over $355,000,000 to these improvements, its recognition of their merit and of their importance to our national development. Already a tentative program for the coming year has been placed before the proper division of the National Emergency Council, and undoubtedly it is now receiving serious consideration by that agency.

I feel confident that an expanded program will result, and I can assure you that such a program will be prosecuted with the same careful attention to design and supervision, with the same dispatch, and with the same success as the projects already under way or completed.

From time immemorial people of all lands have used their waterways to transport all kinds of commerce. The simple necessities of life are dependent upon low-cost water transportation. In modern times these necessities rely upon up-to-date facilities on our waterways.

In America, our natural water resources are particularly abundant. We are greatly favored by nature, and this is, in itself, a compelling reason for their improvement and development. We must constantly plan for the future, and we must be abreast or ahead of the times in the execution of our plans.

Let me assure you that we have looked far ahead, and that we are ready to execute our plans as fast as there is demand for new and improved facilities, and as the authority and funds for their construction become available. Although this planning is already thorough and far reaching, we realize that eternal vigilance must be exercised to maintain step with changing conditions and in readiness to meet the unforeseen.

Let me say that the War Department has worked with you to plan and accomplish the best results for the country. Our waterborne commerce in 1929 reached a peak of 584,000,000 tons, valued at $24,000,000,000. During the low point of the economic depression the annual tonnage dropped to 342,000,000 tons, valued at $11,000,000,000. In 1933 our records show this tonnage to have increased to 394,000,000 tons, valued at $12,600,000,000. All indications are that 1934 will show a further increase, and that within a few years the peak tonnage of 1929 will be greatly surpassed. We are optimistic. We believe prosperity to be definitely in sight. With its return, we expect to have actual waterway improvements ready to serve prosperity, as plans and organizations were available to fight the depression.

Moreover, we look forward to working in harmony with you as time goes on to secure greater and greater prosperity for the Nation, by reason of its waterway improvements and the ever-increasing commerce and plenty which results from such improvements.

You have accomplished much in the past. With your wider membership and your forceful and energetic leadership I foresee a bright future for you and for the accomplishment of the constructive ends to which you have dedicated yourselves.

I am grateful for the attention which you have accorded my remarks.

### GRAND HAVEN LIGHTHOUSE RESERVATION, MICH.

Mr. WARREN. Mr. Speaker, by direction of the Committee on Merchant Marine and Fisheries, I call up the bill (H. R. 4239) authorizing the Secretary of Commerce to convey to the city of Grand Haven, Mich., certain portions of the Grand Haven Lighthouse Reservation, Mich., and ask unanimous consent for its immediate consideration.

The Clerk read the title of the bill.

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.*, That the Secretary of Commerce is hereby authorized to convey to the city of Grand Haven, State of Michigan, for use for street purposes, certain portions of the Grand Haven Lighthouse Reservation, Mich., which are not required to be retained for lighthouse purposes. The Secretary of Commerce shall describe by metes and bounds in the deed of conveyance the exact portions of the reservation transferred. The deed of conveyance shall also contain a provision that should the city of Grand Haven, State of Michigan, cease to use the property for the purpose for which it is conveyed, title thereto shall revert to the United States.

SEC. 2. The United States reserves the rights-of-way over, underground, or across the area to be transferred for any use whatsoever in conducting the Lighthouse Service or other activities of the Government, and, further reserves the right to be furnished by the city of Grand Haven, any and all services, conveniences, and utilities at established rates, such as transportation, gas or electric lighting facilities, water connections and sewer connections, and such other utilities as may be installed in the vicinity of and accessible to the reservation.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CORN-HOG PROGRAM

Mr. SNYDER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD dealing with the Federal processing tax.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. SNYDER. Mr. Speaker, under leave to extend my remarks I wish to confine my time to the corn-hog program, laying special emphasis on the processing tax as it affects the recovery program and builds for future security for the farm and farmers. I find that everyone who makes a study of just what the Agricultural Adjustment Act is doing for the preservation of the farmers and our farms is very enthusiastic about it. The trouble is that 99 out of every 100 who speak on or about the actual application of this act do not know the facts. A small percent of destructive critics can always be found when a new procedure is set up in any field.

Mr. Speaker, we always find the demagogues playing on the sympathy of the unfortunate. This has been especially true during the last session, when the opponents of the administration, or, in reality, the opponents of the farmer, laborer, and little business man, shed crocodile tears in telling of the pigs that were killed.

I am sorry to say that many of these same fellows who shed these crocodile tears because some pigs were killed by the Government to bring about purchasing power are the same fellows that criticize the workings of the Agricultural Adjustment Act. It is this same group of destructive critics who destroyed the banks and credit of the Nation and put us on the rocks in 1929. Now, when they see we are going to come out of the depression and give back to the farmers, laborer, and little business man another hold they again cry.

Therefore, I wish to tell you just how the Agricultural Adjustment Act has worked to the advantage of all concerned since it was put into operation.

I wish to make a few remarks in my time today concerning the character and results of the agricultural-adjustment programs pertaining to livestock and feed grains. In recent weeks we have heard a great deal of loose talk about the effects of these programs. We have heard the Adjustment Administration charged with wanton destruction of food and with extreme disregard of the public interest. We have heard the Adjustment Administration blamed for the current shortage of feed and the temporary over-reduction in hogs, which really was caused by the drought. The recent rise in retail prices of meats has been hailed as extraordinarily exorbitant, and, of course, the administration has come in for a large share of blame. It has been said that the farm-adjustment program not only has robbed the poor and the needy of necessary food, but that it has destroyed the farmers' foreign market for livestock products, and has resulted in flooding the country with imports of both meats and grains.

Now what are the facts? Unlike some commentators who pose as authorities on this subject of agricultural adjustment, I have taken the trouble to find out a little bit about what actually has been going on. I find, as I suspected, that much of what is being said publicly about the livestock- and crop-control programs is not based on fact. As a consequence, there is misunderstanding and ignorance of considerable extent on the part of the public regarding the adjustment activities. It seems appropriate, therefore, to discuss the present livestock and feed-grain situation in full view of the facts and in recognition of the popular misunderstandings.

Thus far in the livestock and feed-grain field there have been adjustments only in corn acreage and in the numbers of hogs, cattle, and sheep. The effort to control corn and hog production under the Agricultural Adjustment Act has followed along two lines: First, removal of surpluses on hand at the outset through emergency purchases of pigs, sows, and market hogs, and of hog products, all for relief distribution; second, the sign-up of over a million farmers to hold corn acreage and hog farrowings thereafter at more moderate levels. The adjustment in cattle and sheep numbers was made through the Government's drought-relief buying program during the summer and fall of 1934.

There are several things about these programs that I wish to emphasize:

First. All of them have been largely based on recommendations of farmers themselves, not foisted on farmers as so often claimed.

Second. The products of the several emergency slaughter activities actually were used, either for edible or inedible purposes and not utterly wasted as so often charged.

Third. The amount of feed available per farm animal and the volume of livestock available for slaughter during the current season is larger, not smaller, than if no adjustment program had been in effect.

Fourth. The sharp reduction in production, part of which occurred as a result of the Agricultural Adjustment programs, has not resulted in a really significant increase in imports of livestock and feed grains.

Fifth. While meat supplies during the current year will be shorter than for some time, they will be ample and should begin to increase following the next harvest of feed grains.

Sixth. There are good and sufficient reasons for undertaking control of livestock and feed-grain production.

When the Agricultural Adjustment Act was passed in May 1933 the corn-hog situation was extremely acute. The average farm price of hogs in the United States was only around $3 per hundredweight, as compared with the farm price of nearly $12 per hundredweight for the same period in 1926 and an average of $7.22 per hundredweight for the 1910–14 period. The United States average farm price for corn in early 1933 was only about 25 cents per bushel, as compared with approximately 70 cents for the same period in 1926 and an average of 64.2 cents per bushel in the 1910–14 period. In my own State of Pennsylvania hogs at the farm in the spring of 1933 were bringing only about $4 per hundredweight. In the North Central States, where the bulk of the commercial supply of corn and hogs is grown, farm prices of hogs averaged considerably less.

At the same time farmers were paying for commodities bought at an average price even higher than they had paid in the pre-war period. Obviously immediate action to raise corn and hog prices was essential. Both corn and hogs had less than one-half of their pre-war purchasing power. In fact, for a part of the time in the winter of 1932–33 corn had scarcely more than one-fifth of its pre-war purchasing power. It was so cheap that farmers in the Corn Belt actually used it for fuel.

This severe disparity between corn-hog prices and the prices farmers pay, as has often been explained, was due primarily to excess production. Restoration of hog production in European countries after the war to a point well above their pre-war output and the sharp increase of trade barriers after 1929 caused such a decline in our exports of pork and lard that a heavier and heavier load was thrown on the domestic market. Our exports of pork and lard dropped from an average of around 2,000,000,000 pounds in the early post-war years to slightly more than 700,000,000 pounds in 1932. Where the American farmer averaged 20 foreign customers for pork in the 1926–29 period, he had only 8 left in 1932; and where he had 40 foreign customers for lard during the same predepression period, there were less than 30 in 1932.

Unhappily, there was no proportionate adjustment in hog production as our export trade fell off. Instead, hog production in the United States continued to increase at about the same rate as the country's population. Lower prices were inevitable. When the supply of a commodity tends to increase in the face of declining demand, the value must fall.

Of course, the level of hog prices would have fallen to some extent during the depression in company with the drop in all prices. But the excess of hog products in the domestic market resulting from the slump in foreign trade caused hog prices to fall more than the prices of other products.

Mr. Speaker, it has been rather difficult for the American people to comprehend the corn-hog surplus because the excess of hogs, unlike the excesses of some other commodities such as cotton, did not pile up in warehouses. Pork is a relatively perishable product, and has to be kept moving through to consumers as rapidly as possible for whatever it will bring. Even products adaptable to storage are seldom held through a second season. Thus, the surplus in hog production was almost entirely reflected in the disparity between hog prices and the prices of things farmers buy.

Now, as I have said, the hog situation in the late spring and early summer of 1933 warranted immediate action. The number of hogs already farrowed and fattening was large. Moreover, the 1933 spring pig crop was 4 percent larger than the spring crop of the year before, and according to the Government survey on June 1, a substantial increase was expected in the number of sows to farrow in the fall. Yet, demand for hog products, particularly in the foreign markets, had not improved. Storage stocks of pork and lard were abnormally large. It seemed certain that without an emergency adjustment of some sort, hog prices during the winter of 1933–34 would be very low, possibly even lower than during the winter of 1932–33.

On July 18, 1933, these State groups gathered at Des Moines, Iowa, and organized the National Corn-Hog Producers Committee of 25. This national committee was delegated by the conference of producer representatives to advise directly with the Secretary of Agriculture and the Agricultural Adjustment Administration on means of effectuating the necessary adjustment of hog numbers.

The first action of the national committee in the summer of 1933 was to review in conference with Agricultural Adjustment Administration officials the serious economic outlook for hogs. Then, at a public hearing early in August, they outlined a pig- and sow-buying program and urged its immediate adoption by the administration as an emergency adjustment measure. I repeat, it was the representatives of the producers who urged the pig- and sow-buying program.

Mr. Speaker, I quote in part from this committee's recommendation as follows:

> We find very definite and substantial increases in the production of hogs, both as to number and tonnage, taking place while at the same time a substantial decrease in normal outlets, both in the export and domestic markets, obtain. If such a condition is to be met, it must necessarily call for what ordinarily might be termed "drastic measures."
>
> To meet this situation, we recommend the removal from the domestic market of 500,000,000 pounds of pork and pork products between now and January 1, 1934, and a total of 2,000,000,000 pounds during the coming marketing year by any one or a combination of the following methods: (a) Encouraging the marketing of 4,000,000 pigs from 25 to 100 pounds average weight between August 15 an October 1; and (b) inducing the immediate marketing of 1,000,000 sows about 275 pounds in weight, soon to farrow, by offering a premium of $4 per head plus the removal of the usual dockage.
>
> It is proposed to dispose of the resulting meat and meat products from the best of these animals by the sale on a moderate basis to relief agencies under definite agreements that their normal purchases of meat will be reduced. The balance of the lower grades of meat resulting from this type of marketing should be condemned, tanked, and such salvage realized therefrom as would be possible without serious inconvenience or injury to the usual demand for this type of product.

That completes the quotation from a part of the recommendation for an emergency pig and sow marketing program made to the Secretary of Agriculture by the corn-hog committee of 25.

The buying of pigs and sows at market premiums began as scheduled on August 23, 1933, and continued for a little more than 5 weeks thereafter. I call your attention to the fact that this emergency program, commonly known as the little-pig program, terminated in the fall of 1933 and has not been in effect since that time, as many people seem to believe. The purchases were made by authorized meat packers in 80 processing points over the country, and finally totaled 6,200,000 pigs and about 220,000 sows due to farrow. The sale of sows lagged beyond the original objective of 1,000,000 head, but the sale of pigs was increased to nearly 50 percent over the original objective on account of drought conditions in the Dakotas and nearby territory.

The heavy pigs—that is, those weighing between 80 and 100 pounds—together with the sows, were converted into dry salt pork for distribution to needy families. Altogether, about 100,000,000 pounds of pork were produced. It was distributed by the Federal Emergency Relief Administration throughout the United States and in several insular possessions.

The light pigs were unsuitable for economical processing into meat on account of their smallness, and therefore were converted into grease and fertilizer tankage. A little over 5,000 tons of tankage and 10,000 tons of grease were produced and stored. These products were sold to highest bidders late in the fall of 1933 for a little more than $600,000.

When a shortage of storage space developed during the buying program some of the tank residue remaining after the rendering of grease from the pig carcasses had to be disposed of immediately instead of being manufactured into fertilizer tankage and stored. Depending upon their own situations, the processors, under contract, used various methods of disposal. In some cases the tank residue was given free to farmers. In other cases it was hauled away and dumped in places where such dumping was permissible, or otherwise disposed of.

Mr. Speaker, it was this dumping of a part of the low-value tank residue which gave rise to many fantastic and wholly false stories. Critics of the adjustment program, overlooking the real purpose of the emergency slaughter, played upon the sympathy of people for young animals, quite forgetting that the pigs were destined to die sooner or later from a thrust of the butcher's knife. These critics accused the administration of wholesale destruction of food, disregarding the fact that a large part of the slaughter produced dry salt pork for needy families, while the rest was largely utilized for inedible purposes. They ignored the fact that pork supplies following the emergency slaughter would be entirely ample for the usual needs, while prices to farmers would be stronger. It was stated that live pigs and sows with unborn pigs in them were mercilessly tossed into rivers or incinerators. Actually, every pig and sow was required to be processed either for edible or inedible uses, according to specifications of the Government. The processing operations were subject to both antemortem and postmortem inspection by inspectors of the United States Department of Agriculture. From the standpoint of public interest, there is quite a difference between the actual nature of the emergency program and the groundless allegations of wanton destruction made by the critics.

The pig- and sow-buying program obviously was a makeshift device, but it fulfilled its purpose by maintaining hog prices a year ago this winter at a substantially higher level than otherwise would have been the case. Its net benefit to the hog market considerably exceeded its net cost of around $30,000,000. In addition to providing meat for poor families the emergency program served as timely drought relief for farmers in the Dakotas and adjoining territory who were forced to sell their hogs on account of feed shortage. It also permitted for the country as a whole the savings of sixty to seventy million bushels of corn that otherwise would have been fed. These savings eventually helped materially in relieving the general drought situation in the summer and fall of 1934.

During the latter part of 1933 and the fore part of 1934 the little-pig program was supplemented by additional purchases for relief distribution of about 1,400,000 market hogs, and of approximately 92,000,000 pounds of hog products, the equivalent of about 600,000 market hogs. These supplemental operations, by reducing the volume of hog products available through regular trade channels, tended further to support hog prices during weeks when marketings were heavy. They were conducted principally during January and February 1934 and were discontinued in May. The supplemental purchase operations, like the little-pig program, continued to influence hog prices to some extent until the late summer of 1934.

The first really fundamental plan for raising corn and hog prices under the Agricultural Adjustment Act, however, was the 1934 corn-hog adjustment contract brought out late in the fall of 1933. This program provided control of the number of producing units; that is, the acreage in corn and the number of sows farrowing, whereas the buying program only made emergency adjustment of excessive hogs and hog products already in existence.

As was the case in the little-pig program, the 1934 adjustment contract was largely based on the recommendations of producer representatives. It was decided to call for reductions by the individual contract signer of not less than 20 percent of the average corn acreage for the preceding 2 years, 1932–33, and of 25 percent in the number of hogs produced for market from litters farrowed during the same period. Reductions in both corn and hogs were asked under a single contract in recognition of the close relationship between the production of the two commodities and because serious business administrative difficulties would have been involved in handling separate contracts for corn and hogs.

The extent of the producers' participation in the 1934 contract sign-up was extensive. In the Middle West, where the bulk of the corn and hogs are grown, more than 80 percent of the annual average production was brought under contract. For the country as a whole the control was extended to about 60 percent of the corn production and between 70 and 75 percent of the hog production. The grand total of the contracts represented about 1,155,000 farms scattered over the 48 States. As a matter of fact, the corn-hog program is the largest of all control programs under the Agricultural Adjustment Act. It covers more territory and involves the largest number of farmers.

Mr. Speaker, participation of farmers in the 1934 corn-hog program was entirely voluntary. If a farmer did not want to come in, he did not have to. He could simply forfeit the benefit payments for which he was eligible and elect to run his business on any production level that he might choose. Corn-hog farmers have that same alternative under the new program for 1935 now being put into effect. But this year, as last year, the large majority of corn-hog producers here recognized the wisdom of controlled production and again have signed up about a million contracts.

A noteworthy feature of the corn-hog program is the organization of county control associations, through which farmers themselves carry out the program details. A farmer becomes a member of the association by signing the corn-hog contract, and he has a vote in election of community committeemen who compose the association's board of directors. There are approximately 2,185 county corn-hog control associations throughout the United States today. It is estimated that there are about 20,000 community committees and about 75,000 community committeemen. These committeemen receive some compensation for services rendered, but the total amount of expenses has been moderate. The budget for committee work and equipment within each county is determined by the board of directors for its own control association.

The group consciousness being developed among farmers in these control associations may well be worth much more in the long run than all current finanical results in dollars and cents. In spite of the fact that it is one of the largest branches of all agriculture, the corn-hog industry has until this year always lacked in unity of interest.

Now, what has been the result of the 1934 corn-hog program? The proof of the pudding, they say, is in the eating. First, let us take a look at the effects of production; then we may check on changes in prices and total income.

Hog numbers were very sharply reduced in 1934. The surpluses were completely eliminated. The number of hogs on farms dropped from a little over 57,000,000 head to about 37,000,000 head during the year; that is, by a little over 20,000,000 head. The fact is we had something of an overreduction in hogs. The expected slaughter of hogs for 1935, most of which will be derived from 1934 litters, is not expected to exceed 30,000,000 head as compared with the normal inspected slaughter volume of around 47,500,000 head.

Not all of this decrease, however, was due to the corn-hog program. The temporary overreduction can be attributed to the drought. The aggregate hog adjustment represented by the 1934 contract was approximately 13,000,000 head; the remaining seven-million-odd head in the total hog reduction occurring during 1934 was largely due to the feed shortage occasioned by the drought in some sections in 1933, and by the general drought in 1934.

It is often charged that if the corn-hog program had not been in effect our production of pork and lard this year would have been larger than it is. Well, as Secretary Wallace has pointed out several times, it simply is not so. I know it is hard to believe, but we actually have more feed for animals and more meat for humans as a result of the 1934 adjustment programs than we would have had under uncontrolled conditions, for certain reasons:

First. The little-pig program helped make an adjustment in advance of the drought which resulted in from sixty to seventy million bushels of corn being carried forward to the 1934 feeding season. If the pigs had been fed out, they would have gone to market as finished hogs in the winter of 1933–34, they would have demoralized the hog-price situation, and they would not have augmented in any way the present supply of pork. The products resulting from the slaughter of the pigs as finished hogs would have been consumed long before this time.

Second. A supplement to the little-pig program in this advance adjustment was the Government's corn-loan program which resulted in the selling of 270,000,000 bushels of corn, thus encouraging more conservative feeding in the winter of 1933–34 and increasing the supply available for summer and fall of 1934 when it was greatly needed.

Third. The adjustment in 1934 farrowings under the contract helped effectuate a further material reduction in hog numbers in advance of the drought. Again the result was more available feed during the 1934–35 feeding season than otherwise would have been the case.

Meanwhile, during the summer of 1934, all of the various adjustment contracts were liberalized by the administration to permit the production of emergency feed crops. This resulted in the planting of emergency crops or the utilization of crops already planted for soil-building or erosion-preventing purposes on approximately thirty-six and one-half million contracted acres in the cotton-, wheat-, corn-, and tobacco-producing regions. This emergency production more than offset the amount of corn that might have been raised on the land taken out of corn by the adjustment program.

If the entire 13,000,000 acres set aside under the 1934 corn-hog contract had been in corn under last year's conditions, they would have produced less than 200,000,000 bushels. The average yield of corn in the United States in 1934 was 15.8 bushels per acre as compared with a normal average of about 26 bushels per acre. The drop in acre yield was particularly sharp in the western Corn Belt where many of the contracted acres were located. The total area planted to corn in the United States in 1934—that is, about 92½ million acres—produced under the severe drought conditions about 1,380,000,000 bushels. Had normal weather prevailed this adjusted planted acreage would have produced about 2,250,000,000 bushels of corn; that is, nearly 1,000,000,000 additional bushels. This volume would have been entirely ample for reserve storage and for 1934–35 requirements in view of the adjustment being asked simultaneously in hog farrowings.

This is not to suggest that the experience in 1934 has proved acreage control is ineffectual. A substantial change in acreage is a minor factor in the change of total production during a drought year, but, in event of normal weather, acreage control very effectively prevents surplus production, and would have done so under usual conditions during the past year.

Mr. Speaker, if there had not been advance adjustments in farrowings, we would have had a surplus situation in hogs similar to the one that developed in the cattle industry.

Another emergency-buying program would have been necessary. Thousands of farmers could not have maintained as many breeding animals as they now have on hand. Much valuable feed would have been virtually wasted producing pigs that could not possibly be fed out on account of feed shortage. Even with the advance adjustment in farrowings under the 1934 program, the liquidation of pigs last summer was rather severe in certain localities.

In the case of cattle, as you will recall, drought-relief buying did become absolutely necessary. At the time the drought struck, cattle numbers were the largest in many years. Moreover, they were in poor condition; good pasture was scarce and feed supplies were low on account of the short crop the season before. There was a particularly large accumulation of cows and heifers on farms and ranches. Market receipts of cattle for slaughter also were increasing. Naturally cattle prices were very low. Even before drought conditions developed, representatives of the cattle producers were considering plans for effecting an adjustment in numbers.

When drought conditions grew so serious as to demand immediate action, Congress enacted the Jones-Connally amendment to the Agricultural Adjustment Act, under which the sum of $150,000,000 became available for cattle purchases. Some money also was made available for emergency purchases from the Emergency Appropriation Act.

Actual buying operations were begun early in June 1934 and were continued until along in early 1935. Initial purchases were largely confined to areas in Minnesota, North Dakota, South Dakota, and Wisconsin. With the rapid spread of the drought, however, and with the designation of additional drought areas, purchase operations were gradually extended until they were under way in 24 States of the West and Middle West. At the close of the buying on February 1, 1935, the Government had bought 8,296,398 head at a total cost of $111,778,192. The average price paid per animal was about $13.48.

Between 80 and 85 percent of the animals bought—that is, about 6,811,813 head—were fit for food, and the meat from them was canned for relief distribution. Approximately 1,476,500 head, however, were in such bad shape as a result of feed and water shortage that they were condemned as unfit for shipment and were destroyed on the farms. Accredited agents in the field appraised the animals offered for sale, and field representatives of the Federal Surplus Relief Corporation accepted delivery and made shipments of the cattle for slaughter under State projects and Federal contracts. State directors in charge of cattle purchases were instructed to give priority to the areas in most distressed conditions, but not to extend purchases from individual producers beyond the number absolutely necessary. In recognition of the necessity for maintaining breeding stock in important breeding areas, much effort was made to keep liquidation at the lowest possible level consistent with the short feed situation.

The cattle-buying program, like the little-pig program, came in for a good deal of unfounded criticism. It was said that the carcasses of thousands of animals were unnecessarily wasted. As I have pointed out, only those animals too emaciated for shipment and slaughter were destroyed. The bulk of the purchases were converted into canned beef, all of which is being distributed through relief agencies. Thus the cattle slaughtered were utilized in noncommercial channels and were kept out of the glutted markets. As a result, prices for commercial cattle during the summer and fall months were much higher than they otherwise would have been. Excepting for the Government's purchase program, the relatively large volume of cattle moving from the drought-stricken areas undoubtedly would have driven prices below the point at which these prices could offset freight and other marketing costs.

I have said that sheep numbers also were adjusted under the Government's 1934 drought-relief program. The buying of sheep got under way early in September. As in the case of cattle, these purchases were confined to emergency drought counties. About 2,000,000 animals were bought for the account of the Government, and of these about 60 percent had to be condemned as unfit for use.

A consequence of wide general interest, resulting from the material change in supplies of livestock as a result of the drought and adjustment programs, has been the advance in livestock and meat prices. Likewise corn prices have increased materially since early 1934.

The average farm price of hogs during the first 3 months of this year was about $7.35 per hundredweight, or more than double the price received during the first 3 months of last year. To put it another way, hog prices during the first quarter of this year averaged within 80 percent of the fair exchange value based on pre-war price relationships, whereas they averaged but slightly more than 40 percent of this value before adjustment in supplies got under way.

Lamb prices have not advanced as much as hog prices, because sheep numbers, even with the drought liquidation, still are above the 1929 level and also above the average of the past 10 years. During the first quarter of 1935 lambs at the farm sold for an average of about $6.50 per hundredweight as compared with an average of about $6.28 per hundredweight for the same period a year ago.

Mr. Speaker, cattle prices, on the other hand, have increased materially. They clearly show the effects of adjustment. The average price for beef cattle at the farm during the first quarter of 1935 was $5.85 per hundredweight as compared with an average of $3.60 per hundredweight during the same quarter in 1934, an advance of 60 percent.

I doubt if the average person realizes the marked improvement that has taken place in livestock prices since a year ago. My own State of Pennsylvania does not produce a large number of hogs, but nevertheless, it has been benefiting substantially from the rise. The average farm price of hogs in Pennsylvania during the first 3 months of this year was $7.85 per hundredweight, or nearly 70 percent higher than last year. This price rise is of particular significance to hog farmers in the eastern part of the country where herds were not as severely affected by the drought as herds in the Western States.

Of course, meat prices during recent months have advanced to some extent as a consequence of smaller livestock supplies, but they are not abnormally out of line by comparison with prices of other things. From 1929 to 1933 meat prices declined about 65 percent, while the average price of all foods was declining about 35 percent, and the average price of nonagricultural products was declining only about 16 percent. During the first 3 months of 1935 livestock prices were about 75 percent higher than for the year 1933, but were 32 percent lower than in 1929. At the same time prices of nonagricultural products during the first 3 months of 1935 were within 16 percent of their 1929 level, and the wages of industrial workers were within about 20 percent of 1929.

The real criterion of the value of the adjustment program to farmers, however, is its influence on total income. Farmers need not only a higher price but a larger total return. As I have already pointed out, the purchasing power of corn and hogs was extremely low at the beginning of 1933, lower than that of almost all other farm commodities.

I find upon investigation that the farm income from hogs in the United States during 1934 was about $144,000,000 larger, or about 28 percent greater, than in 1933, and approximately $214,000,000 larger, or about 50 percent greater, than in 1932. It is estimated by the Department of Agriculture that farmers last year received a total of $493,925,000 from the sale of hogs, and a total of $159,154,000 in corn-hog payments, making a grand total of $653,079,000 for the year.

Prices of things farmers buy also have shown some advance during the past 2 years, but not to the same extent as hog prices and income. The 1934 index of prices paid by farmers was 123 percent of the prewar—1910–14—level, as compared with an index of 109 for 1933 and 107 for 1932. If we make an allowance for this rise in the prices of things farmers buy, we still find a substantial net increase in 1934 hog income.

The increase in livestock income resulting from the adjustment of production is in accordance with past experience.

The income from corn and hogs under the adjustment program comes to the farmers in two parts: First, in direct return from the sale of the commodity at the open market price, and, second, in the benefit payments derived from processing taxes on corn and hogs. The larger part of the tax collections are derived from hogs, since hogs consume nearly one-half of the annual corn crop. Only a small part of the remaining portion of the corn crop enters into industrial trade channels where it can be reached by the processing levy.

At the close of 1934 the Bureau of Internal Revenue reported a total receipt of $175,616,013.35 in processing and related taxes collected on hogs and $8,182,113.63 in processing and related taxes collected on corn. These collections, however, did not represent all of the money due as of the period beginning with the date the corn and hog taxes became effective—November 5, 1933—and closing December 31, 1934. Assessment of the processors for any given month are not made until the month following, and in some cases payments may be extended under the law for as long as 180 days.

The emergency purchases of hogs and hog products for relief distribution, and the 1934 and 1935 corn and hog adjustment payments will require a continuation of the corn-hog processing taxes through three marketing years ending November 4, 1936. The current rates are $2.25 per hundredweight on hogs and 5 cents per bushel on corn. It is expected that the collections during the first 2 years will be required to meet the cost of the emergency purchases and to supply funds for payments under the 1934 contract.

Benefits under the 1934 program, part of which were paid in 1934 and part of which are now being paid this year, will amount in total to about $314,000,000. Most of this amount has now been sent out to the farmers. The disbursement total on April 27 was nearly $280,000,000. Benefits under the 1935 program, now being put into effect, probably will amount to around $165,000,000.

The benefit payments made to cooperating producers are not gifts from the Federal Government; they are not awarded to farmers for not having grown hogs and corn, and they are not damage payments for losses in any past period. They are intended as simply the cooperating producers' share of the larger total farm income that is possible through sound control of production. Without the processing-tax benefit payment principle the men who did the most adjusting of production would see all the benefits go to the men who had an unchanged or, perhaps, a larger volume for sale.

Under the Agricultural Adjustment Act a fair share of the increase in price and income resulting from adjustment is saved for the cooperating farmer by means of a processing tax and is distributed to him in the form of benefit payments. At the same time the noncooperating farmer gets some advantage from the market rise in the open-market price. For example, many farmers in my own State did not elect to participate in the corn-hog program but they have been materially benefited by the doubling of hog prices during the past year.

Mr. Speaker, a lot of wild stories have been circulated about benefit payments. The statement is frequently made that many persons are receiving corn-hog checks who never produced hogs or corn. This charge is false. Under the agricultural-adjustment program no person can receive a benefit payment check without first signing a contract to adjust his production, and, excepting in the case of new producers, he is not eligible to sign a contract unless he has a production record for the historical base period.

In scattered cases, payments were made under the 1934 program to contract signers who, for one reason or another, partially or completely retired from hog production during the year. These individuals, nevertheless, had an acceptable hog-production record for the base period. In the present year's contract, however, such scattered cases will be eliminated. Contracting producers will not be considered bona fide corn-hog farmers and therefore are not eligible for benefit payments unless they produce in 1935 an established minimum percentage of their average base production.

Mr. Speaker, a final misunderstanding I want to deal with here is that concerning imports of agricultural products into this country. During the past winter there has been some pick-up in our farm imports, particularly of feed grains. This has led to all sorts of wild stories about the country being deluged with foreign products as a result of the agricultural-adjustment program. Again I find that most of these statements are not based on fact.

The great reduction of agricultural output in this country last year as a result of the drought naturally created something of a vacuum into which imports might flow, but the total imports of feed grains to date are still very small in relation to production and consumption of these grains and in relation to the losses caused by the drought. Imports of all grains during the 8-month period ending with February this year were about six-tenths of 1 percent of this country's average production of grains and less than 2 percent of the loss to grain crops directly attributable to the drought. According to the Bureau of Agricultural Economics the total imports of all competitive agricultural products, including grains, during this 8-month period, were 25 percent less than the average imports for the same period during the 10 years—1924 to 1934.

Imports of oats, barley, and rye—crops which were not affected by the adjustment program—were relatively greater than imports of wheat and corn. Imports of meats during recent months have shown no increase over the average imports of recent years. We must keep our proportions straight on this matter of imports. A shipload of 250,000 bushels of corn sounds big, but actually it is less than one one-hundred thousandth of the normal corn crop of the United States. One good middle western county raises more corn in a normal year than has been imported into this country during the past winter.

Mr. Speaker, even though the United States is temporarily on an import basis in the case of grains because of the drought, it is still on an export basis for its major agricultural products. During 1934 approximately $650,000,000 worth of cotton, tobacco, meat products, grains and preparations, and fruits were exported as compared with importations of $125,000,000 worth of these products, including imports of $24,000,000 worth of bananas.

When we really look at the facts we find that the corn-hog industry and the other livestock and feed-grain industries have been materially benefited by the governmental activities. But to see this it certainly is necessary to look beyond all of the misstatements and tales of alarm. We are short on livestock and feed supplies now on account of the drought, but with the return of anything like normal weather we can soon get back to a more satisfactory level of production. Under the corn-hog program the farmers this year will plant an acreage sufficient, with anything like normal weather, to produce an adequate supply of corn for all purposes, including enough for reserve storage. In addition, they have unlimited use of their land not used for corn production.

The really big job for livestock producers now is to prevent the usual post-drought upswing from going beyond desirable limits. In the case of hogs, a sharp increase in production is likely to get under way by next spring unless control is continued in some form. Likewise, if feed production this year is approximately normal, and unless there is some organized attempt to head it off, a new upswing in cattle production also may be expected to get under way by 1936 or 1937.

If feed grain and livestock production should react to current high prices and the drought aftermath by increasing sharply, we would be off on another of the painful production cycles; first, the upswing until prices hit bottom, then the distressed liquidation until prices recover again. These cycles have been major hazards to the livestock industry for many years. Over an extended period the cycle does keep a working relationship between supply and demand, but it is a cruel and wasteful method.

In the light of results from programs thus far, it would seem wisdom on the part of livestock and feed-grain producers to continue production control in some form under the Agricultural Adjustment Act. And it would seem wisdom on the part of the Congress to elaborate and strengthen the act wherever necessary in order that it may better serve this purpose.

PARLIAMENTARY INQUIRY

Mr. BLANTON. Mr. Speaker, may I propound a parliamentary inquiry?

The SPEAKER. The gentleman will state it.

Mr. BLANTON. The Speaker of the House of Representatives is the Chairman of the House Office Building Commission in charge of the House Office Building and which controls these office buildings.

I would like to ask the Speaker if there are any means that a Member has, under the regulations prescribed by the Commission governing these buildings, to prevent a Washington newspaper from installing a snooper at his office to interrogate and harass every person that goes in or comes out of a Member's office in that Government building?

The SPEAKER. The Commission is composed of 3 Members and the Speaker is only 1 of the 3. I would be pleased if the gentleman would take the matter up with the Commission as a whole. We will be very pleased to give the gentleman a hearing and discuss the matter with him.

Mr. BLANTON. The Washington Herald has had a snooper at my office in the House Office Building and people who come there to see me on important official business, which as a Member of Congress I am elected to look after, are stopped, insulted, and interrogated as soon as they come into the hall out of my office as to what occurred between us, and what they went there to see me about. And this lying newspaper every morning has a false statement about some purported interview that never occurred, when every word of it is an infamous lie. I am getting tired of it.

I intend to protect my friends and constituents who come to my office on important business, against this unwarranted and meddlesome interference and harrassment, and I intend to protect myself against the continued libels Hearst's Herald and Times, and the Washington Post continue to maliciously publish about me.

I can protect myself in the courts against these continued libels, and I intend to do it by filing suits just as soon as this Congress adjourns, and we can get public business out of the way, and I can finish all of my official duties here.

But I will not file these suits in Washington. I will file them in another jurisdiction, where the Herald, Times, and Post are circulated, and where under proper venue I can force them to respond and answer, because these papers have deliberately and wrongfully poisoned the minds of Washington people against me, until it would be an easy matter for them to get some juror here to hang the jury for them. But where I shall file them, there will be a fair trial and a verdict of an unbiased jury.

Hearst's papers told one lie in his publications on our good colleague from New York, and in the courts he made Hearst pay $5,000 for telling that lie. If a jury were to make Hearst and Eugene Meyer pay me $5,000 for every lie the Herald, Times, and Post have told on me, neither of them would have any money left, for these papers have told lies on me ever since I have been here. I want you colleagues to remember that everything you see in the Herald or Times or Post about me is a lie. They just will not tell the truth. Every purported interview you see in any of these three papers I want you to mark as a lie before you read it. I do not let them come to my office and do not let them interview me, and if they publish an interview, saying I am going to do this or that, you can put it down as an infamous, dirty lie. [Applause.]

TAKE THE PROFITS OUT OF WAR

Mr. LEE of Oklahoma. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and include therein an address which I made to the National Parent-Teachers Congress at Miami, Fla., on war profits.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. LEE of Oklahoma. Mr. Speaker, under leave to extend my remarks in the RECORD, I insert an address by myself at Miami, Fla., April 29, 1935:

Parents and teachers, you should be deeply interested in protecting the investment you have and are making in the youth of the Nation.

CHILDREN REPRESENT GREATEST INVESTMENT

A baby boy is born in a home. The parents guard his life with their own. They nurse him through all the childhood ailments at great sacrifice to themselves. They shield him from danger. They keep the long vigils over his sickbed. They guide his footsteps as he learns to walk. They give of themselves freely. They make in him their greatest investment.

Then he starts to school. The teacher also begins to make an investment in him. Patiently, painstakingly she trains him for citizenship. She trains him to take his place in society. He is promoted from time to time. Many teachers contribute to his education. He is preparing to be a professional man. He spends many hours in library and laboratory.

His parents all the time continue to sacrifice that he might have every opportunity. Finally he graduates from college. Teachers and parents have in him their greatest investment. He represents their contribution to the world.

From another home has come a beautiful girl representing likewise the years of love, patience, and sacrifice of parents and teachers. The two young people love each other and plan to marry.

Then suddenly the peaceful life of the Nation is shattered by the thunder of cannons; and on the battlefield the young man is sacrificed to Moloch, the god of war.

Thus, the greatest contribution it is possible for parents and teachers to make is destroyed in the twinkling of an eye. The hopes, the dreams, the prayers of a lifetime are blasted in a day.

Therefore, parents and teachers, you have a decided incentive to protect the investments that you are now making in our children against loss by war.

PRISONER FEEDS GUARD

It was 2 o'clock in the morning. The rain was running off my steel helmet in sheets. I had my rifle under my armpit to keep it dry. I was on guard around a German stockade. We had 437 German prisoners.

The armistice had been signed about a week, but we were required to guard our prisoners just the same.

I was cold, I was tired, I was homesick and hungry. I saw a light over in the German stockade, inside of the barracks which they used for a kitchen, and I knew that Frank, the German Pollack cook was doing his cooking for the next day. I threw a gravel over against the barracks and soon a flood of light shot out from the door as Frank poked out his square German head. I said to him in the best German that I could command, which wasn't very good, "Frank, given mer das brote und das kaffee."

Frank said, "Yah."

Pretty soon he returned with a canteen cup full of steaming hot coffee and a piece of German coffee cake. The coffee had cream and sugar in it, two delicacies we did not often have, but he had taken some from the amount allotted to him for cooking, and put it in my coffee.

The lightning flashed as he handed the coffee and coffee cake through the fence, and I saw his face, and there was no cynical grin of hatred there, but, rather, a smile of friendliness, and if he saw my face I know he saw friendliness there.

Frank did not hate me. He loved me. I did not hate him. I loved him, and yet if I had met him on the battlefield at that hour of the night 1 week before, I would have killed him or he would have killed me.

That is what war means. It means bringing men together, who otherwise would love each other, to kill each other.

War never proves which is wrong. It only proves which is strong.

If it is a question of medicine, ask a doctor. If it is a question of law, ask a lawyer. Then, if it is a question of war, ask the warrior. The ex-service men oppose war because they know the futility of it, but that does not mean that we would not serve our country again if our services were needed. We would.

It simply means that we are speaking now, while our country is at peace, protesting against conditions that lead to war and attempting to remove every war incentive.

PEACE PLANS THAT DO NOT GO FAR ENOUGH

Allow me to name some of the means of securing peace that have been relied upon in the past, and then suggest that these do not go far enough.

First, there are treaties, pacts, and agreements between nations. These are good as friendly gestures and are to be encouraged, but war will never be abolished by proclamation.

Then, again, there is the plan of educating for peace. This is a good idea and is to be continued by all means, but it is too slow. It takes generations before advancement can be made by the slow process of education. In the meantime we might have another world war that would annihilate civilization.

Further, there is the plan of disarmament. This, too, should be encouraged; but if one nation should get too far out in front on a disarmament program, that nation's weakness might invite attack. There is no use to deceive ourselves—the world has not yet come to the philosophy of peace on earth for the sake of brotherly love.

WEAKNESS INVITES ATTACK

When the Boston police struck, were the thugs of that city so honorable that they refused to plunder just because the people were unprotected? No; they plundered all the more. Algiers was unable to protect her boundaries, and Mussolini marched in. Manchuria's helplessness was too great a temptation for Japan to resist, so Japan marched in. Therefore, we cannot depend upon disarmament.

I do believe, however, that we can greatly promote peace if we are willing to pay the price; and the price of peace is to give up some of the profits that result from war and the preparation of war.

FOUR-POINT PLAN

I therefore wish to propose some definite steps which if taken would greatly further the cause of world peace.

First. The United States should control the preparation for war by requiring munition makers to operate under a Federal license system.

Second. The United States should make permanent its present nonintervention policy that refuses to send a military arm of the Government into a foreign country to protect private investments.

Third. The United States should equalize, as far as possible, the burdens of war by a universal draft law that will conscript money and materials as well as men.

Fourth. The United States should enact tax laws that will recover for the Government 100 percent of all war profits.

FIRST STEP, CONTROL MUNITION MAKERS BY LICENSE SYSTEM

I wish to take these up in order. First, is Government control of the preparations for war, and in order to effect this, it is necessary to place the manufacturers of munitions under a licensing system that will give the Government complete control of their policies and activities.

EMBARGO ON ARMS

By this means the Government could make effective an embargo on arms. The United States is not in a consistent position when we tell the rest of the world that we are a peace-loving nation at the same time that we are furnishing cannons, hand grenades, and machine guns for warring nations.

If I walk down the street and see two little boys quarreling, and give one of them a club and the other a pair of knucks, and stand back and watch them destroy each other, I can say to the crowd that gathers around that I am a peace-loving man until I am black in the face, but if they know that I furnished the instruments of destruction they know that I am a liar and a hypocrite.

But you say that the United States as a nation does not furnish munitions. We only allow the private manufacturers to furnish them. That is true, but the people of other nations do not distinguish between the Du Pont Manufacturing Co. of America and the American Government. They do not distinguish between the United Steel Corporation and the United States. To them, if it is made in America, it means America.

The United States narrowly evaded a break with Mexico in 1924 because some of the revolutionists captured in Nicaragua were using guns made in the United States.

When relations were so strained between the National Chinese Government and Russia that it seemed war was inevitable, the United States diplomats were anxious to avert war if possible, so they offered to serve as peacemakers between Russia and China. But to their surprise Russia refused their services. In the same paper in which I read of Russia's refusal to have Americans serve as peacemakers I read where three more war planes were shipped from the United States to China. These were part of an order of 15 planes of the combat type, the total order amounting to $500,000 in gold to be paid in New York City.

For years the manufacturers of munitions in the United States have furnished engines of death to warring nations all over the globe, and yet we have proclaimed to the world that we are a peace-loving nation. Our words whisper peace and our actions thunder war.

What was the final straw that broke the camel's back and plunged America into the last war? It was the sinking of the *Lusitania*, was it not? Mrs. William Jennings Bryan, wife of the Secretary of State, wrote in her diary that they were dining out on the evening that the news came of the sinking of the *Lusitania*.

"Mr. Bryan was very much disturbed at the news. He said on the way home, speaking of the *Lusitania*: 'I wonder if she had munitions on board?' 'If she did,' he said, 'that puts a different phase on the whole matter. I will have Lansing investigate that.'

"The next day Mr. Lansing examined the clearance papers and reported that the *Lusitania* did have munitions on board."

The manufacturers were so eager for the profits on one more cargo of death that they endangered the lives of citizens who took passage on that passenger ship and plunged America into the World War.

This unbridled campaign for profits at the cost of American lives and world peace can be controlled by the Government through a licensing system.

COMPETITIVE ARMAMENT CAMPAIGNS

Then, again, the Government can prevent competitive armament campaigns which are carried on by the makers of munitions. These manufacturers employ the highest powered salesmen in the world. They sell one nation a battleship. Then they go to the nation's neighbor and through propaganda they play up in the papers and periodicals the fact that this nation has bought a battleship, and as a result of that propaganda they sell that nation's neighbor two battleships. They return to the first nation and attempt to sell that nation three battleships. The result is a vicious competitive spiral that makes war between nations and profits for the manufacturers of death.

This pernicious practice of promoting war can be controlled through a licensing system that should be in effect now, today, as a means of preventing war.

CONTROL WAR PROPAGANDA

The manufacturers of munitions have the incentive of profits that leads to campaigns of propaganda in order to bring about war. Do you remember before America entered the last war the floods of propaganda that were poured out in this country, telling us of the atrocities of the Germans?

I remember reading how the Germans were cutting off the hands of little Belgian and French children, and in my imagination I could see children holding up thousands of pitiful little stubs, begging for redress. Then I went to France. I crossed France from north to south, but I did not see one child in Belgium or France that had its hands cut off, nor did I talk to a single soldier who had seen one child maimed in this manner.

Of course, I did not talk to all of the soldiers, but it seems that if the propaganda had been even partially true that somebody would have seen some of these children. No doubt there were atrocities on both sides, for war itself is an atrocity. But such propaganda is hatched up in the minds of the makers of death, and is intended to inflame the passions of people and result in war, for profits cannot flow in the munitions business unless blood flows on the battlefield.

MUNITION MAKERS ARM OUR ENEMIES

Furthermore, by the Government controlling the manufacture of munitions, we could prevent American manufacturers from arming our potential enemies. The munition maker is not a patriot of any nation. He is an internationalist. Patriotism to him is only a sentiment on which he can play to engender war and increase his profits.

It has been brought out before the Senate investigation committee that the munition makers peddle their wares in every nation on the globe.

Today at this hour in the laboratories scientists are pouring over death-dealing devices and new war inventions. What for? For the exclusive benefit of America? To protect America from a foreign enemy? To destroy the foes of America? No; they will no sooner be perfected than they are peddled to every nation on the face of the earth by the highest-powered salesmanship known, and yet the Du Ponts said before the investigation committee that if it had not been for the Du Ponts America would today be a German colony.

They sell America steel plates for her battleships. What for? To protect them from torpedoes they have already sold to our potential enemies. They sell America gas masks for our soldiers. What for? To protect our soldiers against gas bombs they have already sold to our potential enemies. They sell America antiaircraft guns. What for? To bring down war planes they have already sold to our potential enemies.

In the World War a contingent of English troops was trying to take a certain objective. There was one gun that was particularly deadly. It mowed down the Tommies. Many fell trying to capture it. Finally, after a great loss, the gallant Tommies captured it. They thought it a fitting tribute to take it back to England and mount it in a public park as a memorial to those who fell while capturing it. There in Bedford, England, it stands today in one of the parks. On one side of its deadly barrel are engraved the names of the men who fell while capturing it, and on the other side engraved in the steel is the name of the makers—a British company.

It takes a lot of patriotism out of a soldier to be shot by a gun that is manufactured in his own country.

When the Allies tried to capture the Dardanelles they were fired upon by guns manufactured in England and financed by a French bank.

The Senate investigating committee has exposed the deeds of the international munitions ring. It has flung open the closet door of this Bluebeard of war.

They are not patriots; they are internationalists.

All they know of patriotism is that it is a fine sentiment on which they can play to generate the war spirit and increase their profits.

Therefore our Government should, at the earliest possible hour, set up a licensing system under which they require the manufacturers of munitions to operate in order that our Government might control their policies and activities.

SECOND STEP, NONINTERVENTION POLICY

The second step that will go a long way toward preventing war is a foreign policy that will refuse to send a military arm of the Government to protect private investments in foreign countries. When a person invests in a foreign country that is a commercial venture. It is a business gamble. If he makes a profit, he takes it all, and if he has a loss, he should stand that, because when he invested, he knew that it was a chance, and he took that chance because of the profit incentive.

In other words, it is a cold-blooded business venture and the only motive is profit.

When a man invests in a business proposition within the Nation, he does not expect the Government to guarantee him against loss. Why, then, should foreign investments be given this protection?

Of course, if an American citizen in a foreign nation is discriminated against merely because he is a citizen of the United States, then it becomes an affair of the National Government; but as long as a citizen of this Nation is accorded the same treatment that citizens of other nations are in a foreign country, there is no just cause for complaint, and certainly not for intervention.

INTERVENTION IN NICARAGUA

How many of you know why the marines were sent to Nicaragua? We were given several different answers. First, we were told that they were sent down there to protect Americans, but then we found out that not one American life was ever endangered. Then we were told they were sent down there to protect American property, and at first we thought they meant Government property, but then we found out that the United States did not have any property in Nicaragua except a canal-zone right which never was questioned.

And finally we were told they were sent down there to hold a just election. Somebody said we could use them for that purpose in some of the elections held in this country, so we laughed that off.

There was cause for occupying Nicaragua but not for intervention. The customs services at Nicaragua were not satisfactory to other nations; so rather than have other nations occupy the port, we sent the marines there to guarantee satisfactory customs service. Had our forces only occupied Nicaragua it would have been justified, but we intervened.

Why? I will tell you the facts and let you answer for yourself. Capitalists in the United States had loans and investments in Nicaragua to the amount of over $18,000,000. If the Nicaraguan Government were overturned by revolution, those loans and investments would be no good; but if that Government were held in power at the point of American bayonets, the loans and titles to oil properties and gold mines would be protected.

Thus all of the people of the United States were asked to support a military movement to protect the investments of a very small group who had invested in Nicaragua for the purpose of making a profit. It cost the Government of the United States over $6,000,000 to protect the $18,000,000 of private investment. It cost the lives of 150 American soldiers and approximately 450 Nicaraguans. The life of one good American boy should be held to be of more value than the total investments in Nicaragua.

If we want peace, we should follow a foreign policy that holds blood to be more precious than gold, and peace more precious than profit.

Why, the coconut growers of South America would make more money if the monkeys did not carry off their coconuts. Why not send the marines down there to herd the monkeys away from their coconut groves? It would be the same principle, and much more humane.

We lost not only the lives of 150 Americans and 450 Nicaraguans but the good will of many of the Latin Americans, for at the same time that President Coolidge was in Habana speaking before the World Peace Conference, telling the world that we are a great peace-loving Nation, at that same time the newsboys on the streets were shouting, "Forty Nicaraguans killed in American air raid!"

Again our actions thunder war and our words whisper peace.

But we may take heart, because the United States has launched a nonintervention policy, and the last marine has been called out of Nicaragua.

NO INTERVENTION IN CUBA

Then, again, there was the Cuban situation. Only a few months ago there was a revolution in Cuba. Now, for years United States investors in the sugar business have taken millions of dollars' profit from Cuba. According to the papers and magazines, about 90 percent of Cuba is owned by United States capitalists. We have been called Cuba's big brother, but it looks more as if we are the "sugar daddy."

Now, it is entirely legitimate, perhaps commendable, for people to invest in foreign enterprises. It is entirely all right for citizens of the United States to invest their money in the sugar business in Cuba, and if they make a profit, so far as I am concerned, they are welcome to it; but if they have a loss, they can have that, too. I do not wish to be cut in on the loss and left out on the profit.

In the last disturbance in Cuba, you remember there was great agitation in this country for the Government to "Send a battleship to Cuba", "Send the marines to Cuba", "Put down the revolution in Cuba", but our Government has launched a new foreign policy. Our President has shattered precedent, has taken a new step in world diplomacy and statecraft. He came courageously out with a proclamation stating that there would be no intervention in Cuba. There was no intervention in Cuba, and she settled her own domestic trouble.

I, therefore, urge that we make permanent as a means of promoting peace this nonintervention policy launched by President Roosevelt.

THIRD STEP, UNIVERSAL DRAFT

The third step that will go a long way toward promoting peace is a universal draft of money and materials as well as men. This has the unqualified support of the American Legion. Such a universal mobilization of the financial and material resources of the Nation as well as the man power would make us more effective in war. In my opinion, if our Nation is plunged into war, every man back of us and every dime of resources should be at the disposal of the Government for the successful prosecution of that war. But there are those who say, "That is a fine theory but it cannot be put into practice."

Indeed, it can be put into practice. A few manufacturers and financeers with a fine brand of salesmanship have been able to sell that idea, that it cannot be put into practice, to enough of our lawmakers to block such legislation.

CONSCRIPTION OF FINANCIAL RESOURCES

In the first place, conscription of the financial resources of the Nation can be accomplished by the establishment of a Government bank to finance the war. The duty of this bank would be to purchase Government bonds with Government credit, thus saving billions to the Government in interest.

In the last war the Government commanded men to face death, but begged for enough money to pay for the food they ate before they died.

Can you comprehend the inequality, the injustice of a nation commanding men to face death, and then on bended knees begging for money? Isn't it so? Did we not do it? Didn't they get the prettiest girls they could find and have them go out in front of the curtains in theaters and make 4-minute speeches begging people to buy Liberty bonds and Victory bonds, and offering them the great inducement of 4-percent interest?

Yet one of the cardinal principles of our Government is that we are to hold human rights above property rights. Yet in the last war, and in all previous wars, we reversed that. A man's property was more sacred than another man's life.

During the Civil War Abraham Lincoln went to New York to see the bankers to get more money in order that he might carry on the war to save the Union. He saw that the bankers were holding out for better terms. Finally he stood up, his eyes flashing fire. He said, "I can conscript a widow's only son. I can take him from between the plow handles and put him in the battle's front where his life won't be good for 6 minutes, but I cannot lay hands on enough money to pay for the food he eats."

It was true in the Civil War. It was true in the World War, and unless we act now during peace, it will be true in the next war.

By means of a bank of the United States a money levy could be made upon the wealth of the Nation and thus the financial resources drafted to serve as well as the man power.

BLANKET DRAFT OF ALL CIVILIANS

As a second means of compelling a universal service in case of war, there should be a conscription law providing for a blanket conscription of all civilians as well as conscription for military service. This would mean that every civilian would go right on with his regular activities until called upon for special service by his Government. It would mean that he would simply hold himself in readiness and then when his Government called, that it would be necessary for him to act or suffer military court martial just as it is in the case of men who are conscripted as combat troops.

In the last war men were notified to hold themselves in readiness for service. Why could not that be done in respect to the leaders and managers of industry? It would not be necessary to require them to wear military uniforms, but the Government could fix their pay the same as that for military service.

In order to make this blanket draft effective, there should be a war board established now in peace time, representing the military, the civilian, and the industrial needs of the Nation in case of war. This board should have a complete plan for industrial mobilization, for price fixing, for determining priorities as to labor as well as materials.

It is true the War Department has certain plans already made and documented, but those plans represent the military alone. The board should be set up now with a representative from industry and one representing the civilian needs as well as the military.

Through this board the Government could simply require the manager of a factory to cooperate with the Government in furnishing needed supplies. The pay of the manager and the workers would be the same as that of officers and enlisted men.

The Senate investigating committee brought out the fact that in the last war, at one of the most crucial times of the war, the Du Pont Manufacturing Co. bickered with the Government for 3 months over the profits that they were to receive for manufacturing powder. The Government requested them to build the Old Hickory Powder Plant and manufacture powder, and for 3 months they refused the demands of their Government because the profits were not sufficient to satisfy them. What would happen if the soldier in line of battle refused to obey commands because his pay was not enough? He would be court-martialed and shot, and yet the Du Ponts who were so patriotic that they kept us from being a German colony, refused to manufacture powder because their profits were not enough.

With a blanket draft covering every person in the United States a situation like this could not arise.

FOURTH STEP, PROFITS TAXES

Now the fourth and final step that would promote peace by removing the profits from war is the passage of tax laws that would take 100 percent of all war profits. War should be a burden to everyone. Then everyone will oppose war.

WAR PROFITS

In the feverish days of the war, Americans bent every energy to win that war. Our statesmen could not and did not count dollars and cents when lives were at stake. They proceeded on the assumption that the men with whom they dealt were honest. What I say here is not meant as a criticism of the Government but it is merely a statement of facts that should not be true of the next war. Could you imagine that while our mothers and fathers skimped and saved and gave and gave—that while the soldiers were not questioning but were going forward to their duty—could you believe at this time that there were people in America so low and so debased as to be turning this war to profit? Not only that, but actually filching millions from the Government. Suave, fat-handed, slick-haired men, who would sit at their sumptuous meals and remark about the dreadful war and what sacrifices the American people were making to win it.

In round numbers the war cost the United States $29,000,000,000. Nobody knows how much a billion dollars is, it is so much, but that is what economists say the war cost our Government. Do you know how much of that went to the pay of soldiers, the men who faced death? Five percent. Most of the rest went to war profiteers.

Do you know what it cost the average soldier in dollars and cents to go to war? Figure it out for yourself. If a boy had stayed out of service he could have earned $7 a day for unskilled labor. That was the lowest. Anybody could get $7 a day. But the soldier received 75 cents a day. You thought we got a dollar. We did, but we had to pay $6 to $8 a month back into the Government on our life insurance. The privates paid back into the Government something like $408,000,000 out of their slim pay of $30 a month, to pay the death claims of their dead buddies. But the difference between what a boy received who was in the service and one who was not, at the lowest estimate over a period of 16 months is $2,800. That is what it cost a boy to be patriotic. But you say, you cannot pay for patriotism. No, you cannot; but there is no reason to penalize it. It is bad enough for the soldier to suffer the physical dangers of war without requiring him to bear the economic loss as well. While we were serving for 75 cents a day and a chance to die, there were 22,000 millionaires made in the United States. Du Pont Manufacturing Co. made 100 percent profit during each of the 4 years of the war. The steel companies made from 27 to 65 percent during each year of the war.

TRUCKS AND AUTOMOBILES

At Puniers, France, I saw 2 miles of Liberty trucks, Cadillac, Dodge, and Ford touring cars backed one up against the other. They were junked. Most of these were in good condition; some were almost new. I wanted to buy one and ship it home, because I knew I'd need a car when I got back home. The captain said, "You can have one; that is, if you will just take it. But you cannot ship it home." The corporals and the sergeants sold some of them to some of the French for $5 each. Others were just taken, others smashed up. The Government had purchased these automobiles from factories, and paid those factories handsome profits, for the factories were not out one cent for advertising or salesmanship. Not only that, but the manufacturers were so greedy for profits that they were able to keep these from coming back to America to lower the market price here. They were junked and salvaged and the taxpayers paid for them, and the profiteer smiled and rubbed his hands and remarked about the noble sacrifice of the American people.

AIRPLANE PROFITS

What about our war record in airplanes? America set out to "win the war in the air." We were going to relieve our allies of any air fighting. We were going to take care of that little matter for them. The program called for 25,000 airplanes; 20,000 were to be on the front by January 1918, and General Pershing attested to the record that not one single American-made fighting plane ever reached the front.

What was the result? Our American buddies had to fly planes secured from the Allies. Of course, these were the older, out-of-date, less efficient ones. The result was that in these "flaming coffins" the losses among the American airmen were three times as great in proportion as they were among the Allies, not because our boys were not good pilots, but because when they took off in one of these ships, death rode in the cockpit with them.

But what about the bill for these planes that never did arrive? Did the bill come? Oh, yes it was on time—$1,051,511,988 strong. One company, for 3,660 airplane motors, received a profit not including cost, but naked profit, of $3,934,500. Another company, for 6,500 motors, received a cold profit of $15,000,000.

A Government audit of the Standard Aircraft Corporation and the Standard Aero Co. showed that these two concerns were overpaid $6,500,000. The affairs of the company were immediately put into liquidation. The Government had a fat chance of ever getting that back. And, to add insult to injury, these two companies were owned by the great Japanese house of Mitsui & Co. And Mitsui & Co. were paymasters of the Mikado of Japan, and at one time were paymasters of the great international spy system of the German Government. Oh, for the eloquence of a top sergeant to express my feelings.

PROFITEERING IN RAINCOATS

Then, again, think of those manufacturers who made raincoats of "mosquito netting" and sold them to the Government for the best India rubber. I am confident that the death of some of the boys in my own company was caused by the rain soaking through those raincoats and chilling their backs and shoulders while they drilled to protect those profiteers who betrayed them.

I was in the Sandstorm Division, the Thirty-fourth. We trained at Camp Cody, N. Mex., then stopped at Camp Dix, N. J., for final training before we went over. The rainy season hit us there. It rained every day and we drilled every day. I came in many nights soaked through to the skin across the shoulders because of those flimsy raincoats. We drilled rain or shine. The soldier can't select his weather.

Then the "flu" hit us. The boys died like flies. We stacked them up in the morgue like cordwood. I was on the firing squad. Every morning we marched down to the station to fire a salute over a flag-wrapped body. Then we loaded it on to a train and shipped it back to some station where a little woman in black was waiting to receive it.

Then one day I sat by the bunk of one of my buddies, a lad from Colorado, and heard that death rattle in his throat, caused by the "flu" which he had caught while drilling in the rain with one of these flimsy raincoats. The next day they took him to the hospital and a few days later to the morgue. As I stood with the firing squad and we fired the salute over his flag-wrapped body, I thought of some fat-handed, slick-haired, well-groomed millionaire, sitting behind his mahogany desk, figuring his profits, calculating his bloodstained gold; and I vowed then, if the chance ever came, I would make my war on the profiteer. This is my chance.

SPEAKING FOR THOSE WHO CANNOT SPEAK

My friends, I am speaking for those who cannot talk. Tonight when the sun went down 15 more of my buddies went "west" out of our hospitals. That is the average. They have been dying a slow and tortuous death for 17 years. I'm speaking for the men in our TB hospitals. The living dead. Gassed lungs, the white plague, then wait for the end. I'm speaking for the orphan children whose daddies fell when it might have been me. Some of them never saw their daddies. I'm speaking for the shell-shocked boys whose bodies came back but their minds did not. I'm speaking for the soft-cheeked babies and the millions of school children, who will be sacrificed in the next war. I'm speaking for the gold-star mothers, who paid the greatest price of all. Year before last the Government gave 3,000 of them a trip to France to see the last resting places of their sons.

Do you see the mother as she stands by the grave where they tell her her son sleeps? Stands? What mother would stand? She gets down on the earth as close to him as she can. I'm speaking for her. For is not 6 feet of earth and a white cross rather poor compensation to a mother for her years of training and hopes and prayers?

Then I'm speaking for those lips that are silent in death.

"A million wooden crosses are calling out to you,
  We died that war may be no more,
What are you going to do?
A thousand sightless heroes have caught a vision new,
  The vision of a world at peace,
'What are you going to do?'

A thousand little laddies who never saw their dad
  Will be the next cannon food
When next the world goes mad.
Our wooden crosses they are dumb, but the message you can bring,
  Tell the world, the careless world,
War is a cursed thing."

*—Selected.*

Mr. TRUAX. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. TRUAX. Mr. Speaker, during the past few weeks there has grown up in the minds of some of us Democrats some question as to the exact present popularity of our great President, Franklin D. Roosevelt. As we have listened to criticisms of various and sundry types emanating many times from this side of the House, we have begun to wonder just how popular our President is with the great masses of the people of this country today.

Today our doubts have been dispelled, because we read in one of the great Washington newspapers this morning the following headline:

The United States Chamber assaults new deal.

This news to the farmers back in the West, the Northwest, and the Southwest, to the 11,000,000 unemployed men in this great country of ours, and to the 20,000,000 who are on the relief rolls is the best news that could possibly be received by them.

This very news itself, that the United States Chamber of Commerce, a predatory organization of assassins of prosperity for the farmers, of parasites and plunderbunds upon the wage earnings of the laborers and parasites who swoop down like buzzards with their talons and claws sharpened for the small business men of this country, is enough to cause a rekindling of all of the wavering faith and loyalty that our people may have had in this great leader, Franklin D. Roosevelt, the man who talked so freely about the forgotten masses in the 1932 historic campaign.

The fact that these gentlemen have definitely arrayed themselves against the new deal and are now demanding the repeal of the N. R. A. and other Government bureaus is the best evidence, to my mind, that certain features of the N. R. A. must be maintained and perpetuated. I am pleased to say that the American Federation of Labor wants a continuance of the good clauses of N. R. A., such as the abolition of child labor, the outlawing of "yellow dog" contracts, and the right of collective bargaining under section 7 (a).

The fact is that the United States Chamber of Commerce, formerly headed by Julius Barnes, has opposed every farm-relief bill beginning back with the McNary-Haugen bill and then drifting to the domestic-allotment bill, and now they are opposing the A. A. A. and the processing tax. This is the best proof that can be presented to me that this Government and this administration is on the right track and that some of these new-deal ventures, so-called, ought to be continued and given a further try-out for at least another year or so.

I want every farmer in this country, I want every wage-worker, I want every independent business man and small producer to know that this unholy group of business, the United States Chamber of Commerce vultures, is against the new-deal and Franklin D. Roosevelt. [Applause.]

The newspaper article is as follows:

[From the Washington Post, May 3, 1935]

CHAMBER ASSAULTS NEW DEAL AS ROPER AND ALLIES DISSENT; N. R. A. UP IN COURT AND SENATE—23 ON ADVISORY GROUP UPHOLD SOCIAL BILL, N. R. A. EXTENSION—REFORM MEASURES HIT BY CHAMBER—"NO REASON TO FOLLOW WILL OF PRESIDENT," DECLARES SIBLEY

Three hours after the Chamber of Commerce of the United States had adopted resolutions harshly criticizing most of the new deal recovery measures, a group of business men called at the White House yesterday afternoon and told President Roosevelt they favored N. R. A. extension and the administration's social-security legislation. Both measures had been condemned in the chamber resolution.

The group consisted of 23 members of the business advisory council of the Department of Commerce. Most of them were members of the chamber of commerce. Included was Henry I. Harriman, retiring president of the chamber, who presided at the convention meeting at which new-deal measures were condemned.

"NO POLITICS," SAYS KENDALL

Following his conference with President Roosevelt, H. P. Kendall, chairman of the advisory council, declared that "there is no politics back of this report."

"We are here to uphold the President's hand in the fight against the depression," he said. "Certain of our members are members of the chamber of commerce, but we are not spokesmen for the chamber or any other organization."

Secretary Roper, who accompanied the delegation, said the committee had endorsed in a general way the social-security program. He also said that most of the members of the committee were members of the chamber of commerce and added that "they were delighted to tell the President they were for his program."

A social-security report presented to the President by the council members will be sent to Secretary Perkins and is expected to be made public today. The report on N. R. A. asked for a 2-year extension and recommended provisions in the administration bill.

The stand of the chamber of commerce against administration measures was characterized by Harper Sibley, its newly elected president, as "an honest difference of opinion." Declaring that the business emergency has passed, he said it is "time to review the emergency measures."

"There is no reason why we should follow the will of the President", he added.

Far from "following the will of the President", the resolutions either condemned entirely or severely criticized the present National Industrial Recovery Act, social-security legislation, securities control legislation, proposed amendments to the Banking Act, the Wagner labor-disputes bill, the utilities-holding company bill, amendments to the Agricultural Adjustment Act, and Government interference in business.

Reserved for future action were resolutions on the cotton-textile problem, on emergency relief activities, and on Government loans, in addition to other resolutions not so closely related to the administration program.

The chamber of commerce pronouncements, coming just as preliminaries of the next Presidential campaign are getting under way, are expected to constitute something of a guide for political opponents of the administration.

At the same time, a high administration spokesman said yesterday that "business men never really were for the administration at any time." He added that he expected them to be against the administration next year and that Democratic votes would "come from the plain people." He predicted an overwhelming Roosevelt victory.

NOT REACTIONARY, SAYS SIBLEY

Sibley described the resolutions as "very forward looking" and declared he did not feel they were reactionary. He said the chamber of commerce had "simply expressed to the administration in a polite way its differences of opinion."

The new chamber president, who was a schoolmate of President Roosevelt at Groton and who was in Harvard at the same time as the President, said he expected to take the resolutions to the White House sometime next week and that he hoped there would be free discussion between representatives of the Government and of the chamber.

"When there are honest differences of opinion there must be free expression", he said. "The administration is for the whole people. So is the chamber of commerce. I hope that through open discussion we can arrive at a solution."

He said the resolutions did not represent so much opposition to new-deal laws as a feeling that too much had been attempted by the Government in too short a time.

"We question the Government's haste", he said, "and also its methods—to some extent."

WILL "CAMPAIGN"

Describing the business situation, he said:

"It looks to me as if the business patient is very healthy. He seems to have a lot of pep. They say that a convalescent is sometimes vociferous."

Sibley said the chamber of commerce expected to "campaign" for its views.

At the session yesterday morning some discussion was created by the fact that President Roosevelt had sent no message to the convention. Last year he sent a message asking cooperation and condemning business men "who cry 'wolf!'" Two years ago he attended the dinner which closed the convention.

INVITED TO DINNER

At the White House it was said that President Roosevelt had not been asked to send a message. It was said he had been invited to attend the dinner Wednesday night, but that he had declined because of the pressure of business and because he did not wish to add to statements he made in a radio speech last Sunday night.

These statements were confirmed by both Sibley and Henry I. Harriman, retiring president of the chamber, both of whom were White House callers last week.

PAY-ROLL TAX HIT

It declared the proposed pay-roll tax would impose a heavy burden upon industry and should not be considered until recovery is assured.

"Finally", it said, "we question the propriety as well as the constitutionality of any effort by the Federal Government designed to take jurisdiction over the subject matter of this proposed legislation."

The N. R. A. resolution asked that the present law be allowed to expire and that substitute legislation be enacted for definitely limited time. The new legislation, it said, should provide for voluntary codes, with no provision for imposing or amending codes by executive action. It declared also that the new legislation should permit agreements between competitors, which upon receiving governmental approval, would be free from the penalties of the antitrust laws.

CHARGES INVESTMENT HINDERED

"The collective-bargaining provisions of the present law have definitely disproved their worth", the resolution said. "Further, we are of the opinion that efforts to enforce obedience to codes by extrajudicial methods, such as the Blue Eagle, withholding or withdrawal of Government contracts, and appeals to public prejudice, are contrary to our national traditions."

In the resolution on durable goods, the convention declared that existing laws prevent investment of large sums necessary to restore these industries.

"Securities legislation", the resolution said, "should be of such a character that sound finance may proceed confidently. The Government should retire from all activities that compete with private industry."

Opposing the banking amendments, the delegates adopted a resolution declaring:

"The measure provides for such concentration of power over reserve and commercial banking as would mean the establishment of a central-bank mechanism that, under political control and influence, would necessarily destroy the present plan."

OPPOSE 30-HOUR WEEK

The resolution endorsed the Federal Reserve System as it now exists.

The chamber declared itself "definitely opposed" both to 30-hour-week legislation and to the Wagner labor-disputes bill.

In taking a stand on the holding-company bill, the delegates opposed what they termed "Federal regulation of operating companies" and declared, "Holding companies have had a substantial part in the development of our electric and gas utilities and have undoubtedly conferred upon large areas benefits which they otherwise would have lacked."

In reference to the Agricultural Adjustment Act, the convention asked that Government aid given the producer be limited to the crop which is domestically consumed.

"We oppose", the resolution said, "any further governmental authority over the freedom of action of producers, processors, or distributors of basic agricultural products as provided in proposed amendments."

LABOR RELATIONS

Prominently before Congress in the field of labor relations are two measures, the one designed to establish a uniform 30-hour work week throughout business and industry and the other undertaking to deal with labor relations in all industry and all fields of commerce and to create a permanent National Labor Relations Board.

To each of these proposals the chamber is definitely opposed. Statutory regulation and reduction of hours of work not only would prevent that flexible adjustment of hours so essential to the proper conduct of business operations under constantly varying conditions but it will inevitably result in marked increases in prices, in turn producing decreased consumption, decreased production, and consequent unemployment. Economic recovery must come from an increased, not from a reduced, production.

Proposals such as those embodied in the labor-relations bill would operate to disrupt rather than to promote proper relations between employer and employee, and likewise retard the normal processes toward recovery. Any attempt to bar any form of honestly organized labor group from the provisions of collective bargaining, or to bar minorities from the privilege of conferring with their employers upon terms of work, is un-American, indefensible, and unsupported by any considerations of the public interest. Employees, untrammeled or uncoerced by any person, should have the right to organize in such way as they desire for the purpose of collective bargaining; or, if they so prefer, they should have preserved to them the right to bargain individually.

UTILITY BILL OF 1935

To the regulation of public utilities, the chamber has long been committed. It has advocated that State commissions should be given ample power, with necessary financial support and adequate personnel, to enable them to discharge their public duties efficiently with respect to electric and gas utilities. Where operating areas extend across State lines and involve interstate transmission, the chamber has urged that State agencies should take concurrent action with such participation by the Federal Power Commission as interstate problems require. The chamber has recognized the necessity for reasonable and adequate regulation for all aspects of utility enterprises that affect the public interest, both as regards consumers and investors.

The utility bill of 1935, as introduced in Congress, not only would seek to superimpose Federal regulation upon State regulation of operating utilities but would undertake to destroy utility-holding companies, which have had a substantial part in the development of our electric and gas utilities and which have undoubtedly conferred upon large areas benefits which they otherwise would have lacked. The growth of American utility enterprises has in some cases been accompanied by abuses. It is in the public interest that all such abuses should be prevented. As many abuses to which public attention has been called have related to securities, the Federal Securities Act would seem to afford assurance for the future.

Other abuses should be definitely identified in legislation and such provisions for regulation should be made as the public interest requires. The destruction of enterprises not only will mean violation of fundamental principles but inevitable losses to millions of innocent investors. Even threat of destruction brings disadvantage to many communities through postponement of services they need for their development and causes national loss through withholding from those industries most affected by unemployment orders for construction and equipment that would afford a large aggregate of work.

All attempt to superimpose Federal regulation of operating companies upon State regulation should be abandoned. The effects can only be detrimental to the interests of the communities which are served and to the exercise of State authority over utilities which in every true sense are essentially local.

CHAMBER'S FIGHT ON NEW DEAL AMAZES ITS LONDON DIRECTOR

Francis E. Powell, head of the United States Chamber of Commerce in London, last night said the Old World is amazed at the stubborn fight being made by business here against the new deal.

Powell, tall and silver-haired, once was chairman of the Anglo-American Oil Co. He was astonished, he said, at the frosty reception that greeted his attempt yesterday to bring peace between American merchants and the White House.

Hundreds of delegates of the United States Chamber of Commerce Convention sat in grim silence as Powell proposed that a group be notified to call on Mr. Roosevelt and pledge cooperation. Henry I. Harriman, retiring president, ruled Powell out of order.

"I was shocked at their attitude", he told the United Press in an exclusive interview. "It couldn't have happened anywhere else in the world. I have listened for days to the criticism of the Government's policies.

"Some admitted perhaps the recovery work had done some good—shall we say they grudgingly admitted it?

"The delegates have heard what great strides we in England are making out of the depression. They have been told that it was due to our tariffs, to heavier taxes—to balancing the budget.

"Well, that much is true. What they haven't been told is the British business men cooperated with their Government. They paid higher taxes; yes. They subjected themselves to many things to expedite recovery."

Immaculate in black coat, striped trousers, white shirt, black tie, and winged collar, Powell shook his head as he watched delegates stream from the convention floor after definitely rejecting any plan by the Government to provide for the aged indigent.

"But", he asked, "how can they do these things? Perhaps we are not ready in this country yet for unemployment insurance. Perhaps it should be given more study. But we are, and always have been, ready for any legislation which removes the awful fear of want and poverty in the minds of those of us who are growing old."

Powell left his home in Cincinnati many years ago and described himself as a "citizen of the world." He left his interviewer with one forecast, emphatically stated:

"American business will have to cooperate with this administration in the new era about us or—get something worse."

AGRICULTURAL ADJUSTMENT ACT

Measures restricting the production of exportable farm products which can be grown in other sections of the world inevitably react to the disadvantage of the country imposing such restrictions, by encouraging their growth in other countries.

We recommend that any governmental financial aid given to the producer be limited to that portion of the crop which is domestically consumed. This policy would insure him a price that would compensate for his labor and preserve a parity with those things he has to buy. We believe exported agricultural products should be sold at world prices, to preserve our foreign markets and stimulate our general trade.

We oppose any further extension of governmental authority over the freedom of action of producers, processors, or distributors of basic agricultural products, as provided in the proposed amendments to the Agricultural Adjustment Act, H. R. 7713 and S. 1807, and in the commodity exchange bill, H. R. 6772 and S. 1334. We insist that in these bills the Government shall not, by law or by subsidy, control or attempt to increase the control over any producer, possessor or distributor by license, quota, or otherwise, in the lawful and independent operation of his own enterprise; and we further insist that the Government shall not, by law, or otherwise, give preferential treatment to any group; nor shall the Government empower or sanction the imposition by one group of an industry of its will on another group in that industry, as contemplated in the bills referred to above.

SELF-REGULATION OF INDUSTRY

Business has long maintained trade associations as a means of carrying on important functions in the interest of business and the public. The efficiency of management has been furthered, the extension of markets promoted, the stabilization of employment fostered, the establishment of fair competition advanced, and the rights of industry upheld through the proper operation of truly representative trade associations.

The benefits which have accrued from such cooperative work have been due, in part, to the flexibility, the voluntary character, and the freedom from special forms of governmental control of trade associations. Such conditions should be continued.

The establishment of agencies under governmental control to carry on activities recognized as proper functions of trade associations, or the assumption of such activities by governmental agencies, will limit the field and functions of trade associations, retard the self-organization and self-government of industry and the furtherance of mutual cooperative action for the benefit of industry and the public.

Mr. TRUAX. Mr. Speaker, when these farmers, wage workers, independent business men, and producers realize fully that big business is definitely and unalterably opposed to certain recovery measures sponsored by the Roosevelt Administration and enacted into law by the Seventy-third and Seventy-fourth Congresses, they have only to understand how their particular group is affected or will be affected by the legislation which the United States Chamber of Commerce so roundly condemns.

The chamber of commerce, through their mouthpiece, Mr. Harper Sibley, declares there is "an honest difference of opinion", declaring that the business emergency has passed. He said it is "time to review the emergency measures."

How about it, Mr. Farmer? Has the great emergency and the need to restore farm commodity prices to a profitable level passed? The answer is "no." Price levels today are much better than they were before this administration came into power. All farmers need today is a good crop to sell at present price levels. He needs a continuance of legislation that will maintain not for 1 year but for the years to come selling levels already established during this administration. Has the emergency period for unemployed workmen and the millions of others on Government relief rolls passed? No, they still need the protecting hand and arm of a humane government that will continue to provide food, clothing, and shelter for those casualties of the Hoover depression and panic. Until men are actually reemployed, small business reestablished, it is absolutely necessary that they be assisted by the President and the Congress instead of consigning themselves to the tender mercies of the captains of finance and buccaneers of big business.

Mr. Sibley says, " There is no reason why we should follow the will of the President." Certainly not one of the common people ever believed for a moment that these brigands would follow the will of any President unless that President happened to be subservient to their own will and a piece of putty in their hands. Their interpretation of the will of the President is to express themselves as being opposed to social-security legislation. This will be comforting news to those 7,500,000 aged unfortunates who have passed the age of 65 and 1,000,000 of whom are dependent upon relatives or charity for support. That will be interesting news to the millions of supporters of the Townsend plan. That position, no doubt, will appeal (like hell) to the reasoning of the thousands of the Fraternal Order of Eagles, who in Ohio pioneered for and supported manfully old-age-pension legislation. These chamber of commerce fellows are not only opposed to the methods to be used in humanely dealing with the aged but if the truth be known they are opposed to the principle as well. What care they about the unfortunate aged so long as big business profits, crushes, and monopolizes, and they continue to clip the coupons.

Naturally they are opposed to the Rayburn-Wheeler bill which contemplates the abolition of predatory holding companies. Naturally on an issue of such prime importance to the millions of hard-working consumers of electric energy, light, and power supplied by the Morgans, the Dohertys, and others of their ilk, we expect to find the chamber of commerce on the side of the millionaire holders of plutocratic wealth. We would be disappointed had they assumed any other attitude. We expect also to find them lined up with the rich opponents of the Wagner labor-disputes bill. This bill, if enacted into law, would be something for those millions of toilers who actually create wealth and ultimately pay all the taxes. This bill would give labor the same right to an honest, fair hearing before their duly selected supreme courts as is now given to the big industrialists and big business men under certain practices of N. R. A. and its repeal of the Sherman antitrust laws.

Always found in the ranks of those rich and powerful enemies of American agriculture, we would again be disappointed should they have shown an inclination to support the A. A. A. and its consequent processing taxes. Regardless of whether you believe the A. A. A. to be wise and sound you must admit that its provisions, coupled with the drought of the past year, have resulted in much higher prices to the farmer. This is a fact and not an idle utterance. The only regret that I can express in this connection is the failure to make ample provision by Government to prevent city consumers from being robbed through the monopoly and machinations of the food trusts and chain outfits, such as the gambling grain dealers of the Chicago Board of Trade, the racketeering of the Chicago meat packers, and the lootings of the Wall Street owners of the grocery chain stores. The prevailing levels of basic agricultural commodities must be maintained and the purchasing power of American consumers elevated to that same level, then prosperity will in very truth be with us all.

Let the boasted and widely heralded opposition of the United States Chamber of Commerce to the recovery features of President Roosevelt and his new deal serve notice on the 80,000,000 people who are either without jobs, without incomes, without property, or without wealth, that it is they in reality whom the chamber is fighting. The aims, ambitions, and hopes of this nefarious organization are wholly selfish and greedy, so govern yourselves accordingly. Whenever they are against Roosevelt, then you be for him. Rededicate your loyalty to that matchless leader who is your best hope and best opportunity to strike off forever the serfdom and economic slavery of capitalistic big business. [Applause.]

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate insists upon its amendments to the bill (H. R. 6718) entitled "An act making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1936, and for other purposes ", that are in disagreement, disagrees to the amendment of the House to the amendment of the Senate numbered 29, agrees to the further conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. RUSSELL, Mr. HAYDEN, Mr. SMITH, Mr. KEYES, and Mr. NYE to be the conferees on the part of the Senate.

SOCIAL SECURITY AND PUERTO RICO

Mr. IGLESIAS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and incorporate therein several letters from the President of the United States, President Green, of the American Federation of Labor, and Secretary Ickes, in regard to the industrial and social security of Puerto Rico.

The SPEAKER. Is there objection to the request of the gentleman from Puerto Rico?

There was no objection.

Mr. IGLESIAS. Mr. Speaker, under leave granted me to extend my remarks in the RECORD, I wish to appeal to the Members of Congress once again in behalf of Puerto Rico, which is an organized Territory of the United States, considered as an integral part of this Nation by reason of the citizenship its people enjoy.

I especially make this appeal in view of the introduction in Congress of bills affecting the economic and social security of the country as a whole, and, in particular, do I wish to emphasize that the definition of the United States in all these bills should include Puerto Rico. It has been held by the United States Supreme Court that Puerto Rico is a complete, organized Territory. There also must be taken into consideration the organic act of March 2, 1917, known as the " Jones Act ", in which appears this provision:

> The statutory laws of the United States not locally inapplicable shall have the same force and effect in Puerto Rico as in the United States.

A social and economic measure of so great an importance as H. R. 7260, a bill to provide for the general welfare by establishing old-age benefits, and by enabling the States to make more adequate provision for aged persons, should be extended to Puerto Rico, as was originally done in a previous bill of this nature, H. R. 4120, and in similar bills introduced by Senator WAGNER and Congressmen MEAD and LEWIS, in which the definition of " State " included Alaska, Hawaii, Puerto Rico, and the District of Columbia. And in this regard I should like to insert in the RECORD as part of my remarks correspondence explaining the thoughts of the President and others concerning the extension of such legislation to Puerto Rico, as follows:

APRIL 10, 1935.

His Excellency the PRESIDENT OF THE UNITED STATES,
*The White House, Washington, D. C.*

MY DEAR MR. PRESIDENT: I feel it my duty to call to your attention a matter of great importance to the masses of Puerto Rican workers. My appeal at this time is in connection with the social-security legislation recommended by you, which the House already has begun to consider.

I refer to the provisions of House bill No. 7260, reported by Chairman DOUGHTON, which contains a definition of the United States, embracing Alaska, Hawaii, and the District of Columbia, but it does not include Puerto Rico. Chairman DOUGHTON's original bill and similar bills introduced by Senator WAGNER and Congressmen MEAD and LEWIS do include Puerto Rico.

Now, I feel, Mr. President, that it is not wise to exclude the people of the island from participating in the obligations, responsibilities, and benefits of so far-reaching a national measure of a social and economic character, not only from the standpoint of fairness but also to instill the principles of progress, humanity, and social education.

I request, Mr. President, and I trust that your recognized sense of fairness and justice will lead Your Excellency to find the best way of recommending the incorporation of Puerto Rico in the definition of the United States into this humanitarian measure.

Very respectfully and sincerely yours,

SANTIAGO IGLESIAS.

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APRIL 10, 1935.

Mr. WILLIAM GREEN,

*President American Federation of Labor, Washington, D. C.*

DEAR SIR AND BROTHER: I have to appeal to you at this moment with reference to House bill No. 7260, introduced by Chairman DOUGHTON, which deals with the social security legislation. This bill, as reported out of the committee by Chairman DOUGHTON, does not include the Territory of Puerto Rico in its definition of the United States, although its provisions are extended to Alaska, Hawaii, and the District of Columbia.

A previous bill H. R. 4120, of this character, also introduced by Chairman DOUGHTON, at which hearings you testified, and similar bills introduced by Senator WAGNER and Congressman MEAD, all included Puerto Rico in this way: "As used in this title, the term 'State' shall include Alaska, Hawaii, Puerto Rico, and the District of Columbia."

Certainly Puerto Rico, an organized Territory, whose people are citizens of the United States, is an integral part of the United States, and in all fairness and justice the people of Puerto Rico should be permitted to participate in the benefits as well as in the obligations and responsibilities of so far-reaching a social program.

In this connection may I prevail to the extent of asking you to write to the chairman of the committee who is in charge of the above-stated bill and the labor Members of the House who will consider and vote for the foregoing measure, requesting them to favor the inclusion of Puerto Rico in this legislation?

I assure you that the working people of the island and I should be very much obliged to you and the American Federation of Labor, as ever in the past, for granting the above request.

With renewed assurances of my high esteem and with kind personal regard, I am,

Fraternally yours,

SANTIAGO IGLESIAS.

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THE WHITE HOUSE,
*Washington, April 25, 1935.*

Hon. SANTIAGO IGLESIAS,

*Resident Commissioner from Puerto Rico,*
*House Office Building.*

MY DEAR MR. IGLESIAS: I have your letter of April 10, in which you call my attention to the omission of Puerto Rico from the provisions of H. R. 7260, although Alaska, Hawaii, and the District of Columbia are included.

I very much regret this omission. However, you will be interested to know that as soon as the original draft of the bill was prepared, the Division of Territories and Island Possessions of the Department of the Interior took up this matter with solicitors of the Department, and is submitting an amendment which, if adopted, will rectify this situation insofar as Puerto Rico is concerned.

Sincerely yours,

FRANKLIN D. ROOSEVELT.

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WASHINGTON, D. C., *April 13, 1935.*

Hon. SANTIAGO IGLESIAS,

*House of Representatives, Washington, D. C.*

DEAR SIR AND BROTHER: As a reply to your letter dated April 10, I am enclosing a copy of a communication which I sent to Chairman DOUGHTON, of the House Ways and Means Committee, and copy of a letter which I addressed to Hon. WILLIAM P. CONNERY, Jr., Chairman of the House Committee on Labor.

In addition, I am asking our legislative representatives to call upon our friends in Congress to join in the movement to secure the inclusion of Puerto Rico within the provisions of the social-security legislation to which you have called my attention.

Very sincerely yours,

WILLIAM GREEN,
*President American Federation of Labor.*

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WASHINGTON, D. C., *April 13, 1935.*

Hon. ROBERT L. DOUGHTON,

*Chairman Ways and Means Committee,*
*House of Representatives, Washington, D. C.*

MY DEAR CONGRESSMAN: I wish very much that the provisions of the social-security legislation recommended by the Ways and Means Committee would be extended to the people of Puerto Rico.

H. R. 4120 as originally introduced provided that, "As used in this title the term 'State' shall include Alaska, Hawaii, Puerto Rico, and the District of Columbia." I understand that the social-security measure as recommended by your committee does not include the Territory of Puerto Rico in its definition of the United States, notwithstanding that its provisions are extended to Alaska, Hawaii, and the District of Columbia.

There does not seem to be any good reason why the people of Puerto Rico should be excluded from the benefits of the social-justice provisions of this legislation herein referred to. May I ask, in the name of labor and of the organization of labor in Puerto Rico, that you favor the inclusion of Puerto Rico in the provisions of the social-security legislation recommended for enactment by the House Ways and Means Committee.

Very sincerely yours,

WILLIAM GREEN,
*President American Federation of Labor.*

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WASHINGTON, D. C., *April 13, 1935.*

Hon. WILLIAM P. CONNERY, Jr.,

*Chairman Committee on Labor,*
*House of Representatives, Washington, D. C.*

MY DEAR CONGRESSMAN: I enclose a copy of a letter which I addressed to Hon. ROBERT L. DOUGHTON, Chairman of the House Ways and Means Committee, which is self-explanatory.

I just cannot understand why Puerto Rico should be excluded from the benefits of the social-security legislation recommended by the House Ways and Means Committee. If the people of Alaska, Hawaii, and the District of Columbia are to be beneficiaries of this legislation, what good reason could be offered the people of Puerto Rico and their friends in the United States as to why the Territory of Puerto Rico is excluded from the benefits and provisions of this legislation and its provisions?

I ask you and the friends of labor of the House of Representatives to unite in making a vigorous fight for the inclusion of Puerto Rico in the benefits and provisions of the social security legislation now pending in Congress.

Thanking you in advance, I beg to remain,

Very sincerely yours,

WILLIAM GREEN,
*President American Federation of Labor.*

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[Radiogram received Apr. 23, 1935]

No. 159. SAN JUAN, *April 23.*

GRUENING,

*Division of Territories and Island Possessions:*

Please transmit following message to Gov. Blanton Winship: Wagner social-security bill already passed the House pending action of Senate. Puerto Rico not included in benefits of bill. Health department has insular funds to match appropriations for maternity and public-health work. Urgent that bill be amended in Senate to include Puerto Rico. United States Public Health Service now contributes $25,000 toward support of public-health units in 12 municipalities. If Puerto Rico is not included in this bill, this money will not be available after June 30, 1935.

HORTON, *Acting Governor.*

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THE SECRETARY OF THE INTERIOR,
*Washington, April 24, 1935.*

Hon. MILLARD E. TYDINGS,

*Chairman Committee on Territories and Insular Affairs,*
*United States Senate.*

MY DEAR SENATOR TYDINGS: Enclosed is a draft of a proposed amendment to H. R. 7260, the social-security bill.

The amendment relates to titles I, IV, V, and VI, dealing with grants for old-age assistance, aid to dependent children, maternal and child welfare, and public health work. The bill in its present form provides for grants for these purposes to the States, the District of Columbia, Alaska, and Hawaii, but not to the insular possessions. The proposed amendment would extend the definition of the term "State", where used in these titles, to include Puerto Rico and the Virgin Islands.

The need for aid of this sort in those possessions is at least as great as in the States and Territories. It is demonstrable by figures that in the case of Puerto Rico the actual need per capita is very much greater than in any State of the Union. Puerto Rico has suffered particularly from legislation designed to benefit the American people as a whole, to the cost of which Puerto Rico has contributed, but the benefits of which were not applicable to its citizens. There seems to be no just reason for discriminating against these possessions. Indeed, because of their lack of representation in Congress, it seems to me that we should be particularly solicitous that they do not suffer economically through their lesser political status.

In the original economic-security bill, H. R. 4120, Puerto Rico was included among the "States" entitled to grants under the titles corresponding to titles I, IV, and V. In the present bill, H. R. 7260, Puerto Rico has been excluded and the amounts authorized to be appropriated have been somewhat reduced. The proposed amendment would restore the amounts authorized to be appropriated in those titles in the original bill, in order to make some provision for the needs of the island possessions.

I am advised by Mr. A. J. Altmyer, Second Assistant Secretary of Labor, on behalf of Miss Perkins, the Chairman of the President's Committee on Economic Security, that "the Committee on Economic Security has never given specific consideration to the question of whether the security legislation should cover the Territories and possessions of the United States", and that he believes, therefore, that I am free to make such recommendations on this subject as I deem proper.

In view of the urgent need for aid of this sort, so essential to social security in these possessions, I strongly recommend that this amendment be given favorable consideration.

I have transmitted to Senator HARRISON, as Chairman of the Committee on Finance, a similar letter advising him of the facts and recommending that this amendment be adopted. For your convenience, I am enclosing a copy of my letter to Senator HARRISON.

Sincerely yours,

HAROLD L. ICKES,
*Secretary of the Interior.*

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Amendments intended to be proposed by Mr. TYDINGS (by request) to House bill no. 7260, the social-security bill:

On page 2, line 5, to strike out "$49,750,000" and insert in lieu thereof "$50,000,000."

On page 19, line 23, to strike out " $24,750,000 " and insert in lieu thereof " $25,000,000."

On page 25, line 6, to strike out " $3,800,000 " and insert in lieu thereof " $4,000,000."

On page 30, line 13, strike out " $2,850,000 " and insert in lieu thereof " $3,000,000."

On page 59, line 13, after " Columbia ", insert a semicolon and the following: " and when used in titles I, IV, V (except section 531) and VI, the term 'State' includes, in addition, Puerto Rico and the Virigin Islands."

Mr. IGLESIAS. Mr. Speaker, the importance to the continental United States for having the social-security bill extended to Puerto Rico may readily be seen through the channels of our commercial intercourse.

The per capita purchases of Puerto Rico from the United States are higher than the combined per capita purchases of all Central and South American countries plus Mexico. In 1931 Puerto Rico ranked ninth in the world in value purchases from the United States and sixth in the world in total volume of trade with this Nation. The latest statistics just issued places Puerto Rico as the best customer of the United States in all Spanish-speaking countries. It ranks eighth in the world in total purchases from the United States.

Two-thirds of the profits derived from the 1,600,000 Puerto Rico consumers flow back and remain in the hands of continental business men. This, coupled with the great difference in prices of commodities between the island and the mainland, is a back-breaking burden, indeed, to the people of Puerto Rico. This difference is a consequence of the rise in the prices of commodities in the United States, a result of the operation of the major recovery acts. It represents an indirect taxation which we have estimated to approximate $18,000,000 a year, exclusive of the usual revenues to the mainland.

I have been requested by representatives of the Puerto Rican Legislature to submit to the Congress and to the administrative authorities in Washington for their attention and consideration that when the legislation for the rehabilitation and social-security program become effective it be extended to Puerto Rico.

We feel and believe that Puerto Rico has the right to respectfully demand that its people be included in any social-security or rehabilitation plan contemplated for the several States of the Union.

The majority of people of Puerto Rico, as represented by the legislature, have the greatest confidence in the manifest fairness of the President and the Congress. The legislature and the people in general are extremely anxious to do their part in the prosecution of these projects, which are of so far-reaching a social and economic consequence, in order to assure the highest integration and coordination between the legislative and administrative authorities of the insular government and those of the Federal Government.

AMERICAN FEDERATION OF LABOR,
*Washington, D. C., April 22, 1935.*

Hon. SANTIAGO IGLESIAS,
*Delegate from Puerto Rico,*
*House Office Building, Washington, D. C.*

DEAR DELEGATE IGLESIAS: Enclosed you will find copy of a letter I have received from Mr. ROBERT L. DOUGHTON, Chairman of the Ways and Means Committee of the House of Representatives, in answer to mine calling attention to the omission of Puerto Rico from the social security bill.

Mr. DOUGHTON's answer is self-explanatory.

Very truly yours,

WM. GREEN,
*President American Federation of Labor.*

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COMMITTEE ON WAYS AND MEANS,
HOUSE OF REPRESENTATIVES,
*Washington, D. C., April 19, 1935.*

Mr. WILLIAM GREEN,
*President American Federation of Labor,*
*Washington, D. C.*

DEAR MR. GREEN: Your letter of recent date was duly received, and I note what you say regarding the omission of Puerto Rico from the provisions of H. R. 7260, the social-security bill.

It is true that the original bill included Puerto Rico in some of the titles and was excluded in others, among which was the title dealing with unemployment insurance.

During the consideration of the bill in executive session the change was made so that the definition and treatment of Puerto Rico would be the same as under our revenue laws, inasmuch as the bill contains provisions providing for income and excise taxes. This was done because Puerto Rico has its own tax law and does not pay any taxes into the Treasury of the United States.

The committee felt that this change should be made in view of the fact that many of the benefits provided in the bill were dependent in a great measure upon the tax features. It was felt that questions involved in this matter might be ironed out later.

I regret my delay in acknowledging receipt of your letter. Such delay has been due to the fact that my time has been almost completely taken up for the past few days in connection with the consideration of the bill in the House.

Yours very truly,

R. L. DOUGHTON, *Chairman.*

I want to quote from the address of the President some of the thoughts that are applicable to Puerto Rico as well as to the mainland, as follows:

We find our population suffering from old inequalities, little changed by past sporadic remedies. In spite of our efforts and in spite of our talk, we have not weeded out the overprivileged and we have not effectively lifted up the underprivileged. Both of these manifestations of injustice have retarded happiness. No wise man has any intention of destroying what is known as the " profit motive "; because by the profit motive we mean the right by work to earn a decent livelihood for ourselves and for our families.

* * * * * * *

In defining immediate factors which enter into our quest, I have spoken to the Congress and the people of three great divisions:

1. The security of livelihood through the better use of the national resources of the land in which we live.
2. The security against the major hazards and vicissitudes of life.
3. The security of decent homes.

* * * * * * *

Closely related to the broad problem of livelihood is that of security against the major hazards of life. Here also a comprehensive survey of what has been attempted or accomplished in many nations and in many States proves to me that the time has come for action by the National Government. I shall send to you, in a few days, definite recommendations based on these studies. These recommendations will cover the broad subjects of unemployment insurance and old-age insurance, of benefits for children, for mothers, for the handicapped, for maternity care, and for other aspects of dependency and illness where a beginning can now be made.

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HOUSE OF REPRESENTATIVES OF PUERTO RICO,
*San Juan, P. R., April 22, 1935.*

Hon. SANTIAGO IGLESIAS,
*Resident Commissioner of Puerto Rico,*
*House Office Building, Washington, D. C.*

DEAR SIR: The Legislature of Puerto Rico in its last session approved the concurrent resolution entitled:

" To petition the President of the United States of America, Franklin D. Roosevelt, through the Resident Commissioner of Puerto Rico, Hon. SANTIAGO IGLESIAS, to exert his good offices so that the Federal Government establish and maintain a national park in the municipality of Guanica in commemoration of the landing of the American troops for the first time in Puerto Rico, the year 1898, and for other purposes."

In accordance with the disposition of same I have the honor to send you herewith copy enrolled and signed of the above-mentioned concurrent resolution for the Honorable President of the United States, Franklin D. Roosevelt, and additional copy for Your Honor.

Respectfully,

ANTONIO ARROYO,
*Secretary House of Representatives.*

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GOVERNMENT OF PUERTO RICO,
BUREAU OF TRANSLATIONS,
*San Juan, Puerto Rico, April 8, 1935.*

George W. Roberts, chief of the bureau of translations of the Legislature of Puerto Rico, hereby certifies to the Governor of Puerto Rico, and Luis A. Deliz, assistant chief of the said bureau, certifies to the president of the Senate and to the speaker of the House of Representatives of Puerto Rico, that each of them has duly compared the English and Spanish texts of a certain act (H. C. R. 9, reconsidered) of the third session of the Thirteenth Legislature of Puerto Rico, entitled " Concurrent resolution petitioning the President of the United States of America, the Honorable Franklin D. Roosevelt, through the Resident Commissioner of Puerto Rico in Washington, the Honorable SANTIAGO IGLESIAS, to use his good offices to the end that the Federal Government may establish and favor a national park in the municipality of Guanica to commemorate the arrival of the American troops in Puerto Rico for the first time, in the year 1898, and for other purposes ", and finds that the same are full, true, and correct versions of each other.

GEO. W. ROBERTS,
*Chief, Bureau of Translations.*

Concurrent resolution petitioning the President of the United States of America, the Honorable Franklin D. Roosevelt, through the Resident Commissioner of Puerto Rico in Washington, the Honorable Santiago Iglesias, to use his good offices to the end that the Federal Government may establish and favor a national park in the municipality of Guanica to commemorate the arrival of the American troops in Puerto Rico for the first time, in the year 1898, and for other purposes

Whereas the American troops landed for the first time at the port of Guanica on July 25, 1898, that date marking the most fundamental transformation in the political, economic, and social development of the island of Puerto Rico;

Whereas with the invasion of the American forces, Puerto Rico passed from the Spanish monarchy to enjoy a new era of progress under the Stars and Stripes;

Whereas it is logical, natural, and human to consecrate that spot as an historical relic so that future generations may meet there to recall such a glorious epoch;

Whereas the people of Puerto Rico, because of the acute crisis through which it is passing, has no resources for undertaking such an extensive work;

Whereas under the rehabilitation plan put in force by the highest magistrate of the American Nation, work could thus be given to hundreds of workmen, paid with funds appropriated for the Puerto Rico Emergency Relief Administration: Now, therefore be it

*Resolved by the House of Representatives of Puerto Rico (the Senate of Puerto Rico concurring)*:

First. To petition the President of the United States, the Honorable Franklin D. Roosevelt, as he is hereby petitioned, through the Resident Commissioner in Washington, to use his good offices to the end that the Federal Emergency Administration established in Puerto Rico proceed immediately to prepare the necessary land in the town of Guanica and to establish thereon a national park and raise a monument in commemoration of the landing of the American troops in Puerto Rico for the first time.

Second. That copies of this resolution be sent to the Resident Commissioner of Puerto Rico in the United States of America.

RAFAEL ALONSO TORRES,
*Speaker House of Representatives.*
R. MARTÍNEZ NADAL,
*President of the Senate.*

A REPUBLICAN REPLY TO ROOSEVELT

Mr. McLEOD. Mr. Speaker, I ask unanimous consent to have printed in the RECORD a speech by my colleague the gentleman from New York [Mr. FISH] over the radio on last Wednesday night.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. McLEOD. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following radio address of Hon. HAMILTON FISH, Jr., of New York, at Buffalo, N. Y., May 1, 1935:

Of all the speeches or statements ever made or issued from the White House by a President of the United States, regardless of party affiliations, that made over the radio Sunday night by President Roosevelt is the most misleading and is the all-time high-water mark of sheer propaganda in the new-deal administration famous for its intense, variegated, and extensive propaganda. For 2 years the American people have been dominated by propaganda, largely emanating from hundreds of paid publicity agents on the Government pay roll—in other words, paid out of the Treasury of the United States—to prepare and get out propaganda in defense of the new-deal policies every hour of the day and night in the press and over the radio. The people back home have been literally swamped and overwhelmed by this inspired partisan ballyhoo, to the effect that Roosevelt and recovery were synonymous.

The Lord only knows that every American is anxious for recovery and the reemployment of 11,000,000 loyal and industrious wage earners who are now walking the streets looking for jobs. The people elected President Roosevelt because they wanted a change in the midst of the depression, and you cannot blame them for that. Furthermore, they wanted President Roosevelt to succeed and hoped that the new-deal policies would restore confidence and put American men and women back to work. For the first 3 or 4 months the present administration gave every appearance and assurance of success. Ninety percent of the American people looked upon the President as a Moses almost divinely sent to lead us out of the economic wilderness. Then, all of a sudden the President began to repudiate, one after the other, the main planks of his party platform; a reduction of 25 percent of the running expenditures of the Government; sound money to be preserved at all hazards; to stop borrowing and deficits; reduction in the number of commissions; and, finally, a balanced Budget.

Within 6 months he brought to Washington a lot of radicals, Socialists, and near-Communists who had never been affiliated with the Democratic Party before, and placed them in key positions in the Government service. He then inaugurated a series of unsound, radical, and socialistic measures that have all but destroyed business confidence, increased unemployment, impoverished the people, devoured our resources, and impaired the national credit.

For the first 2 years the people hoped against hope that these alien new-deal policies of regimentation, collectivism, and State socialism would succeed and put people back to work. That is the big issue, and if these imported foreign forms of socialism had restored confidence and jobs, even at the cost of $15,000,000,000, no Republican could afford to criticize or condemn them.

The only thing that counts in war is success in battle, from the moment a soldier puts on a uniform and takes up his rifle. So, the test of the new-deal measures is their success in employing labor upon American standards of wages and living. The deplorable facts are beginning to trickle through the mass barrage of propaganda to the people back home that there are a million and a half more unemployed than a year ago, according to the nonpartisan figures of the American Federation of Labor, and that instead of Roosevelt being synonymous with recovery, the new-deal measures have broken down and are tragic failures, retarding recovery, prolonging the depression, and bringing distress and devastating debts upon the people and the country.

The time has come to tell the truth and let the chips fall where they may. I do not offer any apology for presenting the facts to the people back home and differing from the President on numerous points and statements. There are some stanch upholders of the new deal—I purposely do not say the old Jeffersonian Democratic Party that believed in free speech and free institutions—who seem to think that it is a form of treason to tell the truth and that the American people back home are not entitled to the facts. It is not only the right, but the duty of the Republican Party to expose the failure of these unsound, unworkable, and socialistic new-deal policies and experiments, and, in spite of the honeyed words, fireside chats, and mass propaganda to show without fear or favor that the only way to restore business confidence in America is by applying sound American principles and stop experimenting at the expense of the people and increasing unemployment.

I would not go on the radio this evening, except that when the President speaks he is listened to by many millions of people, and it would be an act of cowardice and stupidity if some Republican in Congress did not challenge some of his definite assertions and comment on them. The radio audience may go weeks or months without hearing the other side, and public opinion may be formed on statements left unchallenged.

Let us begin at the beginning of the President's message, when he stated: "The administration and the Congress are not proceeding in any haphazard fashion in this task of government." Why, that is one of the main objections to the new deal and to Congress, which has surrendered its legislative powers and control over the purse strings, betrayed representative government and left itself no more constitutional power than Gandhi has clothing. Both the administration and the Congress have become a madhouse, attempting one radical experiment on top of another, on the basis of expediency and not experience, without any general plan for actual recovery but a multitude for piling debt upon debt and borrowing billions, more billions, and still more billions without any thought of extinguishing the debt and the inevitable day of reckoning, of ruinous inflation, chaos, bankruptcy, and repudiation.

The President further stated: "The objective of the Nation has changed in the last 3 years. Before that time individual self-interest and group selfishness were paramount in public thinking. The general good was at a discount." That assertion should take first prize at a commencement-day exercise in a kindergarten. Yes, Mr. President, it is just great and we are all for it, but what about the swarms of Democratic national committeemen who descended on Washington like bees after honey until even rebuked from the White House? What about the crowded hotels filled with deserving Democrats, lobbyists, selfish interest, and special privilege, all looking for bigger and better hand-outs from the people's money? There is an orgy of "squandermania" prevalent in Washington and not protected by civil-service regulations, which national Chairman James Aloysius Farley and the pure new-deal administration has wiped out.

We are in the midst of a government of subsidy, by subsidy and for special groups and selfish interests beyond anything that has ever existed in the history of the Republic. Shades of Calvin Coolidge and Thomas Jefferson!

I quote the President again: "For the first time in 5 years relief rolls have declined instead of increased during the winter months." In this connection the President conveniently omits figures. The official relief estimates of the F. E. R. A. in January were 20,670,000—an all-time high—February 20,523,000, March 20,440,000, a slight decrease due probably to the seasonal pick-ups in the Southern States. The President forgot to state that a year ago there were only 13,539,000 on relief, and two million on the C. W. A. projects, a tremendous increase in 1 year.

Then the President says that: "Many million more people have private work today than 1 year ago today." The figures of the American Federation of Labor, a nonpartisan organization, as stated before, deny and refute this assertion of the President. In fact, after the colossal expenditure of over $10,000,000,000 to try to create jobs there are over a million more unemployed on private work than a year ago.

The President repeated his request for the extension of the N. R. A. without suggesting limitations. This once holy and sacred institution above reproach is being condemned by Democrats, such as Senators Glass, Byrd, Tydings, and King, Governor Talmadge, of Georgia—practically the adopted State of the President—former Secretary of State Bainbridge Colby and I could also refer to HUEY LONG, but he has a habit of speaking for himself. All of these prominent Democrats have joined the swelling chorus in repudiating the N. R. A. as a failure and demanding that it be wiped out or be drastically modified, keeping the minimum-wages and maximum-hours and child-labor provisions. It is not necessary for a Republican to point out that the N. R. A. has hampered and harassed industry and all but strangled the small business man. The Blue Eagle has become a Soviet vulture, backed by force and coercion, spies, enforcement agents, and jail sentences.

In referring to the public-utility holding-company legislation, the President said: "I consider this legislation a positive recovery measure." There is apparently a difference of opinion between the point of view of the President and the insurance companies who own millions of these securities, as do innumerable American investors, who are fearful that they will be wiped out. The President goes on to say "even more significantly, it has given the country as a whole an uneasy apprehension of overconcentrated economic power." Paraphrasing that statement, I can appropriately say that "the country as a whole is uneasy because of the growing and overconcentrated powers of the Chief Executive."

The President asks for the immediate passage of the centralized banking bill, which is another step toward state socialism and in defiance of every Jeffersonian principle. It places additional power in the hands of the Federal Reserve Board, the Secretary of the Treasury, and the President, to control currency, credit, and the banks, and makes the Federal Reserve System subject to political control. Lenin said that the first step to communism is the nationalization of banks, credit, and currency, and the new banking bill has some of these aspects and earmarks. Professor Kemmerer, of Princeton, said: "I have been trying to find what the financial policy of the Democratic Party is for the last years, and have been unable to do so", and then added, "It is like trying to nail a custard pie to the wall. It just does not stick."

The President concluded his radio speech by saying that he "felt so unmistakably the atmosphere of recovery", and goes on to add: "It is the recovery of confidence in our democratic processes and institutions." Where is this confidence in recovery? What is needed is confidence, more confidence, and still more confidence—yet there is none. There is no single word of encouragement to business, to employers of labor, or to American investors. The President continues to harp on reform and trample on private business.

The restoration of business enterprise is essential to the reemployment of American wage earners and is being held back by lack of confidence and Government control. But the President refuses to give any figures on the mounting national debt or to face the problem of new taxes or balancing the Budget.

Where is the confidence referred to in the democratic institutions? The President is apparently obsessed with the idea of power. No longer emergency or temporary but permanent, autocratic, and dictatorial. The Congress has turned over to him the making of tariff schedules, power to regulate money, control of the purse strings and appropriations, and now control of banks, credit, and the wealth of the country, including the people's money—not Democratic money, not partisan money, but that of the American people.

Our separate powers of government have been scrapped for a beneficent dictator in the White House, without the consent or approval of the people.

The President said that it was necessary to go outside of Washington to get a picture of what is going on. He has to go to sea on a palatial yacht so as to understand what the people are doing and thinking. He said that Washington is the worst place to get a view of the country as a whole, in spite of the fact that the whole country is being run from Washington. Yet the President must go fishing or to the fine little Republican town of Hyde Park, in my congressional district, which long ago made up its mind that the new deal was a failure and means nothing but high cost of living, debts, deficits, taxation, borrowing, and an unbalanced Budget, confidence destroyed, and American labor unemployed.

Americans as a whole are feeling a lot better, a lot more cheerful than for many years, so the President says. Such a statement would be humorous, if it were not actually so terribly tragic and pathetic, out of the mouth of the President. Ask the 20,000,000 Americans on relief and the 11,000,000 unemployed. Ask the recent employees in the textile mills of New England and the South, who have been forced by the free-trade policies of Secretary of State Hull, for the benefit of Japanese labor paid 20 cents a day, to join the army of unemployed. Ask the share-croppers, tenant farmers, and those formerly employed in picking, ginning, transporting, and shipping cotton to our lost foreign markets. Ask the skilled labor formerly employed in the construction industry and in durable goods. Ask the American housewives, who are struggling to balance their budgets against the increase in the cost of living on foodstuffs and necessities of life, due to destruction of crops, birth control of pigs, and the new-deal program of scarcity.

Where, oh where, Mr. President, is this spirit of cheerfulness, when fear and uncertainty pervades the land under the new-deal experiments that have increased unemployment and lowered the standard of wages and of living for the American people?

BANKING ACT OF 1935

Mr. STEAGALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 7617) to provide for the sound, effective, and uninterrupted operation of the banking system, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. WOODRUM in the chair.

The Clerk read the title of the bill.

Mr. STEAGALL. Mr. Chairman, I yield 30 minutes to the gentleman from Missouri [Mr. WILLIAMS].

Mr. WILLIAMS. Mr. Chairman and members of the Committee, I do not expect to be able to say anything new at this late hour on the bill. As has been frequently said, title I deals with deposit insurance.

From 1921 to 1933 there were 15,000 bank failures in the United States, and with these failures various disastrous consequences came to the depositors of the country.

By reason of that fact there was an insistent demand throughout the country for some kind of legislation to protect the bank deposits. The condition had become such that in March 1933 there was a bank holiday. All the banks were closed, and in a short time some were able to open, others opened with restrictions, and by means of the addition of private capital, with the aid of the Reconstruction Finance Corporation they were able to open up and resume bank operations. Others fell by the wayside, and have been or are being liquidated.

As a result of the demand of that time the banking legislation of 1933 was enacted creating a bank-insurance policy in this country. We provided a permanent policy—provided for the creation of a corporation with stock which should be subscribed from three different sources. The United States itself was to take $150,000,000, the Federal Reserve banks were to take an amount equal to one-half of their surplus as of January 1, 1933, which in round numbers amounted to $140,000,000, and the insured banks were to take the balance of the stock, which if all were insured would amount to $175,000,000 or $200,000,000. That provided a corporation with a capital stock in the neighborhood of one-half billion dollars.

Now, this bill provides for a continuance of the capital set-up as it is; none of the insured banks have subscribed for any of the stock.

This act provides that the capital shall remain $150,000,000 by the United States, $140,000,000 by the Federal Reserve banks, and so this is the capital stock of the corporation provided for in this act.

This act changes the general policy from a stock subscription to an assessment plan. During the last 70 years, according to the hearings we had, the losses amounted, on account of commercial-bank failures in this country, to about one-third of 1 percent of the total deposits, and it is significant to know that half or two-thirds of the entire loss during the period of 70 years occurred in the 4 years preceding June 1934.

This act fixes the assessment at one-eighth of 1 percent of the total deposit liability of the insured banks.

It is estimated that that will bring in a fund of approximately $50,000,000 annually.

Mr. GOLDSBOROUGH. Will the gentleman yield?

Mr. WILLIAMS. I yield.

Mr. GOLDSBOROUGH. Will the gentleman inform the committee what the assessment was when the bill was first submitted to the committee?

Mr. WILLIAMS. When it was first submitted to the committee this bill provided for an assessment of one-twelfth of 1 percent, with the power and authority to reduce that assessment. Now, the committee considered that matter very carefully and reached the conclusion that one-eighth of 1 percent was a reasonable requirement; not only reasonable but necessary. It must not be forgotten that under the present law, if it went into effect and was not changed, the insured banks would have to subscribe to the stock of this corporation to the extent of one-half of 1 percent, and then be liable, in addition to that, to whatever assessment was necessary. Some of the banks of the country have objected to this assessment of one-eighth of 1 percent. The committee has felt that that, to say the least, is a reasonable assessment and a necessary one. Not only that, but you all know, as a matter of common knowledge, and it is a matter of evidence in our hearings, that the banks of this country, under the direction of the Federal Reserve order and the Insurance Deposit Corporation also, have reduced the interest that they paid on time deposits. Not only that, but they are absolutely failing to pay any interest at all under these orders on demand deposits. By reason of that action the banks of this country last year saved at least two or three hundred thousand dollars at the expense of the depositors.

Mr. STEAGALL. Will the gentleman yield?

Mr. WILLIAMS. I yield.

Mr. STEAGALL. The gentleman is making a splendid statement. However, the hearings disclose that the saving to the banks, through the operation of the provisions of law denying them the right, or permitting them to pay interest on demand deposits, amounts to more than $500,000,000. That is the repeated testimony before the committee.

Mr. WILLIAMS. I thank the gentleman. In view of that fact, it comes with very poor grace from the banks of this country to object to an assessment of one-eighth of 1 percent annually not only to take care of the current expenses and losses during normal times but it is hoped and expected to build up a reserve sufficient to take care of losses under abnormal conditions, during depressions and times of stress and strain.

As you all know, the insurance under title I is limited to $5,000. It has been stated, and I want to state it again, that that will insure about 98 percent of the depositors. It will insure 44 percent of the entire deposits in the insured banks. I want to add this to that statement: According to the last report of the Federal Insurance Deposit Corporation—I do not think it is a matter of record, but according to its report, an insurance of $5,000 on deposits will insure 80 percent of the deposits in over 9,500 banks of the country and will insure 75 percent of the deposits in over 12,000 banks. So it is seen that this provision will not only insure practically all depositors but it will also insure a large percentage of deposits in a great number of banks throughout the country.

There is another vital thing in connection with title I which I did not intend to discuss at all, but since it seems that there is a move on foot to try to amend this act, requiring membership in the Federal Reserve System as a condition precedent for membership in the Insurance Corporation, I want to say a few things about that. It has been a strange thing to me that just as soon as we have insurance of bank deposits the question arises that in order to secure the benefits of that a bank must be a member of the Federal Reserve System. We have had the Federal Reserve System in existence for over 20 years. During that entire time less than 1,000—I believe 960 banks in this country have seen fit to come into the System. There are approximately 9,000 banks outside of it. I am not opposed to a bank coming into the System. It may be helpful in the long run. It may help to control the monetary system and credit policy of this country to have them all members of one system; but I will tell you what I do object to: I am absolutely opposed to using the Federal Deposit Insurance Corporation as a club over the heads of the nonmember banks of this country; to beat them into the Federal Reserve System against their will and over what they consider to be their best interests. That is not right, but yet it has been linked up with the insurance proposition ever since the question has been before the Congress. Now, if it is indispensable, if it is necessary, if it is important that all the banks of this country become members of the Federal Reserve System, then let us join the issue on that and that alone. Let it stand upon its own merits. If that is necessary and indispensable, let us fight it out; but let us not join it in with a measure here which seeks to give insurance to all banks alike.

Under the present law, you understand, all nonmember banks must come into the Federal Reserve System on or before July 1, 1937, or get out of the Insurance Corporation. Every time that measure has been submitted to Congress during the last sessions, the House has voted almost unanimously to permit nonmember banks to join the Insurance Corporation without being members of the Federal Reserve System. The provision has been put in over at the other end of the Capitol and in conference. I am not criticizing them for that, but it is a fact that that is true.

Now, our friends talk about some of these small nonmember banks being unstable and unsound. It may be freely admitted that during the last decade and a half many small banks were organized in communities where resources were not sufficient to justify the organization of a bank, and some of them, by reason of bad management, were not able to prosper.

Mr. ASHBROOK. Will the gentleman yield?

Mr. WILLIAMS. I yield.

Mr. ASHBROOK. Have not those banks been all squeezed out by this time?

Mr. WILLIAMS. Yes. I was just coming to that. There is no question about that. Sometimes the insinuation has been made that some of the smaller banks have not been safe and sound. As suggested by the gentleman, during the last 10 years all those unnecessary and needless banks—and it may be freely admitted that there were such—and those that came under bad management, have passed entirely out of the picture, and they are out of it now. But in behalf of the smaller banks of this country, coming as I do from a rural community, a district of small towns, let me say that there are thousands of small banks throughout this Nation that are just as sound and safe, within the limits of their commitments and within the scope of their activities, as the largest banks in the big cities. [Applause.]

Mr. COLDEN. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I yield.

Mr. COLDEN. Like the gentleman, I, too, have had some experience in farming communities. Is it not a fact that the knowledge the banker in a small community has of his client insures greater safety for that small bank than is found in the average city bank which deals largely in stocks or bonds, and investments of that type?

Mr. WILLIAMS. There is no question but what the gentleman from California is right. Some of the safest banks in the country are the smaller banks. Mere bigness does not make a safe bank; and, for that matter, the most disastrous and devastating consequences that have come to this Nation have been by reason of the failure of the big banks rather than small banks. It comes with poor grace from the spokesman of the big banks of this country to talk about the failure of the small banks. There are other reasons why small banks fail. I will now discuss them.

There were two prime factors or conditions that figured in the failure of many small banks that otherwise should and would have weathered the storm. The big banks were not subjected to either of these blighting and devastating conditions or causes. One condition was brought upon the small banks by the deliberate and willful action of the big banks in violating every confidence and betraying every trust. The other factor was largely political and the small banks could not command the necessary influence. The big banks were able to extricate themselves from the difficulty by their unconscionable imposition upon the smaller banks and by political pull and power.

Let us now look at banking conditions from 1921 to 1933 and see why there was, perhaps, a larger percentage of failures among small banks. The large institutions during that period were not so much concerned about how many farm mortgages were foreclosed; how many home owners lost their homes or how many small banks failed. During that time the big banks were engaging in international transactions and were obsessed with the idea that prosperity was unbounded, that the accumulation of excess profits in the hands of a few men was unlimited; that wealth and ease could be attained by speculation. During that same period the banks in the smaller communities were bearing the burdens and subjected to the strains placed upon them because of depressed prices of farm products, and the plight of many small industries. They were not able to make themselves heard. These things were not heeded by the big concerns. But in 1931 when they awoke to find themselves in danger, when they found out that their backs were to the wall, when they realized that they had been living in a fool's paradise, it was then that they threw up their hands and shouted that the Government must save them in order to preserve the financial structure of the Government. They were the crew that scuttled the ship and then deserted it. When the storm clouds were darkest and thickest and the danger greatest, they were the ones who scurried to shelter. It was then that they came to the administration and Congress with the plea that a Government agency must be established to save them. As a result, the Reconstruction Finance Corporation was created. The Treasury of the United States was opened to them. Not to help the small banks or the people but to save the big banks. Even when loans were made to smaller banks, the funds were used to pay off their obligations to the larger ones and not to help the community. If the Government had not come to their relief there may have been a larger ratio of failures among the big banks. The small banks could not bring the political pressure to bear and could not get the aid when they were needy and languishing. In the face of that record, it now ill becomes the spokesmen of big banks to cast aspersions upon the smaller ones.

There is one other thing that should be said. During the wild orgy of investment and speculation, the smaller banks were looking to their correspondent banks for advice and counsel in making investments, just as has always been true. The larger concerns by reason of their wider experience and because of their closer contact with the financial and industrial leaders of the Nation and those in charge of governmental policies were in a position to know the real value of securities better than the country banker. During those days the big bankers betrayed every trust and confidence and unloaded upon the smaller ones all the depreciated bonds and worthless paper that was possible. Under those conditions, is it any wonder that we had a large number of failures among the small banks?

They ask about the number of failures; they ask if there have not been more failures in nonmember banks than among member banks of the Federal Reserve System. Naturally so, because there are 10 times as many nonmember banks. During the 20 years the Federal Reserve System has been in existence, as I stated a while ago, less than 1,000 banks have come into the System. At this point, Mr. Chairman, I wish to insert in the RECORD as a part of my remarks, a list showing the number of State-insured banks of this country by States and showing the number of those banks that are in the Federal Reserve System and the number that are nonmember banks. Three States in this Nation have not a single reserve bank within their borders. I am now talking, of course, about State-insured banks, not national banks; not a single reserve bank is to be found within the confines of three of the States of this Union.

Mr. COLDEN. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I yield.

Mr. COLDEN. Will the gentleman explain briefly the cause for the reluctance of the small bank to become a member of the Federal Reserve System?

Mr. WILLIAMS. There are a number of reasons for that reluctance, in my opinion. In the first place, it requires an investment in the stock of the Federal Reserve System. In the second place they were seriously handicapped and hampered by the exchange rates they are able to charge and which is a material source of income to the small banks. In the third place they were afraid of being continually harassed by continual examinations by a board located here in Washington. In my judgment, these are the three contributing causes for the small banks of this country not coming into the Federal Reserve System in greater numbers.

I started to give a short account of the systems that exist now and I said there are 3 States that do not have a single Reserve bank in them. There are 2 other States that have but 1 Federal Reserve bank each; there is 1 State that has 2; 2 States that have only 3; 6 that have only 4; while Illinois heads the list of States having the most nonmember banks with its 507; and my own State of Missouri comes second with 498. I will insert this list in the RECORD in connection with my remarks so you can see for yourselves, if you want to take the time to look at it, how few member banks there are in your individual States. For this reason I say that they should not be required to come into the Federal Reserve System in order to enjoy the benefits of this deposit-insurance fund.

*Table showing the number of insured State banks that are members and nonmembers of the Federal Reserve*

| Name of State | Number of State banks members of Federal Reserve | Number of State banks not members of Federal Reserve |
|---|---|---|
| Alabama | 18 | 120 |
| Arizona | 4 | 3 |
| Arkansas | 7 | 155 |
| California | 16 | 108 |
| Colorado | 5 | 58 |
| Connecticut | 6 | 49 |
| Delaware | 4 | 24 |
| Florida | 4 | 92 |
| Georgia | 25 | 177 |
| Idaho | 10 | 25 |
| Illinois | 64 | 507 |
| Indiana | 6 | 362 |
| Iowa | 25 | 427 |
| Kansas | 14 | 225 |
| Kentucky | 10 | 284 |
| Louisiana | 4 | 113 |
| Maine | 6 | 20 |
| Maryland | 7 | 114 |
| Massachusetts | 34 | 40 |
| Michigan | 79 | 262 |
| Minnesota | 17 | 423 |
| Mississippi | 3 | 174 |
| Missouri | 51 | 498 |
| Montana | 20 | 52 |
| Nebraska | 9 | 232 |
| Nevada | 0 | 3 |
| New Hampshire | 1 | 4 |
| New Jersey | 52 | 102 |
| New Mexico | 3 | 14 |
| New York | 117 | 193 |
| North Carolina | 10 | 183 |
| North Dakota | 0 | 125 |
| Ohio | 71 | 356 |
| Oklahoma | 1 | 176 |
| Oregon | 6 | 43 |
| Pennsylvania | 73 | 296 |
| Rhode Island | 2 | 2 |
| South Carolina | 4 | 74 |
| South Dakota | 23 | 125 |
| Tennessee | 4 | 239 |
| Texas | 54 | 307 |
| Utah | 19 | 26 |
| Vermont | 0 | 33 |
| Virginia | 24 | 163 |
| Washington | 27 | 93 |
| West Virginia | 18 | 72 |
| Wisconsin | 13 | 483 |
| Wyoming | 8 | 26 |

Mr. CARPENTER. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I yield.

Mr. CARPENTER. Can the gentleman give me any assurance, at least so far as he is concerned, that should the Senate write into this bill a provision requiring nonmember banks to come into the System by 1937, that the conferees on the part of the House will make a determined fight to eliminate such provision from the bill?

Mr. WILLIAMS. I can give the gentleman no assurance on that, because I am not one of the conferees and will not be; but I can tell him that, so far as I am concerned, and so far as my attitude in the past has been, I will join him along with the rest of the Members of this House, if we can get a majority, in holding out against any provision which requires admission into the Federal Reserve System in order to secure the benefits of deposit insurance. [Applause.]

Mr. COLDEN. Mr. Chairman, will the gentleman yield further?

Mr. WILLIAMS. I yield.

Mr. COLDEN. I would like the gentleman's opinion as to the depositor's viewpoint. Would the depositor be more secure if his bank were a member of the Federal Reserve System?

Mr. WILLIAMS. I do not think so. I do not see any reason why he should be. There is this one fundamental principle involved; and before this debate closes I would like for some Member, the advocate of a unified banking system, some Member who has insisted upon forcing these nonmember banks into the Federal Reserve System, to show some reason why a bank that is sound, a bank that has back of it a history of approved and successful banking operations, a bank whose capital is sufficient with reference to its liabilities, a bank that is rendering a splendid service to the community in which it is located, a bank that has bright prospects for future earnings—to show some sound reason why such a bank should not be admitted to the Deposit Insurance Corporation independent of whether or not it is a member of the Federal Reserve System. This question never has been answered to my satisfaction.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I yield.

Mr. GIFFORD. I am in perfect accord with the gentleman's argument, but I would like to ask him again if the monetary authority set up in title II would not be vastly damaged, practically wrecked so far as cooperation in certain States is concerned, if the Federal Reserve Board has no authority over them in carrying out this monetary plan, if the gentleman's theory prevailed?

Mr. WILLIAMS. Oh, I think not at all, because of the great army of these nonmember banks, small banks located in the small communities of this country which, the gentleman knows, do not exercise any influence or control over the monetary system or the credit policy of this Nation at all.

The fact that they are simply not members of the Federal Reserve System will make no difference at all so far as that principle is concerned.

Mr. BROWN of Michigan. Will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Michigan.

Mr. BROWN of Michigan. The gentleman knows that not one bank in the United States closed by reason of having reserves in the Federal Reserve banks?

Mr. WILLIAMS. Yes.

Mr. BROWN of Michigan. Because they received 100 cents on the dollar.

Mr. WILLIAMS. That is right.

Mr. BROWN of Michigan. A great many banks were closed because they were nonmembers of the Federal Reserve System and did not have their reserves in Federal Reserve banks, but had them in city correspondent banks in the larger cities.

Mr. WILLIAMS. That is true. Right in that connection, when they talk about the number of banks that failed, I have no available figures, but I will tell you what I do have—and I want the Members to take note of this. When the banks closed and it became necessary to build up their capital structure in order to enable the banks of this country to open and to become members of the Insurance Corporation, what happened? It took a billion and a half dollars in private capital and R. F. C. funds to revive those banks and put them in shape so that they could open and carry on their business activities and become members of the Deposit Insurance Corporation.

Mr. Chairman, what is the fact about the matter? How much money did it take to build up the capital structure of those banks that were members of the Federal Reserve System? It is known that all national banks are members. They must be members. It took $465,000,000 from the Reconstruction Finance Corporation to build up the national-bank structure of this country, and in addition to that it took $238,000,000, to say nothing about the capital that was subscribed by private industry, to build up the member banks, which numbered only 960. It took $703,000,000 of the funds of the Reconstruction Finance Corporation to put them on their feet in order to get them going and make them members of the Insurance Deposit Corporation, referring to the member banks of our banking system, while, on the other hand, for 7,800 nonmember banks it took only $265,000,000, which was about one-third. In other words, with one-third the capital we revived more banks outside the System than we did in the System. To my mind, that is one of the strongest arguments that mere membership in the Federal Reserve System does not make a bank sound and keep it sound.

Mr. COLDEN. Will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from California.

Mr. COLDEN. In the farming towns probably the most secure assets of the banks are real-estate securities, mortgages, and deeds of trust. May I ask if the gentleman is satisfied with the provisions of this bill, which permit the use of real-estate securities for Federal Reserve collateral?

Mr. WILLIAMS. I am satisfied with that feature, and I will be glad to discuss that very question briefly.

Under this bill, subject to rules and regulations of the Board, banks may make real-estate loans to the extent of 60 percent of the appraised value thereof, and each bank may make an aggregate of such loans to an amount equal to the capital and surplus, or 60 percent of the time deposits of such bank, whichever is greater. This is one of the most valuable provisions. There are thousands of small banks whose time deposits are almost if not quite as large as their demand deposits. If these banks are to continue in operation, they must loan on real-estate securities. The banks in turn, in case of need, must be able to secure loans on these real-estate mortgages as security, and that is provided for in this bill. It may be an ideal situation to have commercial and investment banking separated, but as a practical proposition that is impossible in rural communities where both activities are necessary to maintain the banks. These real-estate loans should be amortized over a long period of time, upon reasonable terms and the lowest rate of interest possible. When that is done real-estate loans will be the best and soundest, and the provisions of this bill will help remove the log jam in the current of real-estate securities.

Mr. MARTIN of Colorado. The gentleman has made a most astonishing statement in regard to the relative soundness of the member and nonmember banks of the Federal Reserve System. I am wondering what caused that condition.

Mr. WILLIAMS. Well, I do not know the cause. However, if I have the time, I will be glad to explain some things in connection with that matter.

Mr. MARTIN of Colorado. Could the gentleman put the information in the RECORD in an extension of his remarks?

Mr. WILLIAMS. I will.

Mr. DARDEN. Will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Virginia.

Mr. DARDEN. The gentleman referred a few minutes ago to preferred stock which the Reconstruction Finance Corporation had acquired in various banks. Is it not true that a great deal of this stock was not needed, but was taken at the request of the Reconstruction Finance Corporation?

Mr. WILLIAMS. I think perhaps some of it was not needed.

Mr. DARDEN. I know of several banks that had no need for it.

Mr. WILLIAMS. I think the gentleman is correct. Some of this stock was taken where it was not necessary, but the overwhelming amount, in my judgment, was used to build up a weakened bank structure in this country, and this applies, as I say, to member banks as well as nonmember banks.

Mr. DARDEN. Is it not a fact that a great deal of this money has subsequently gone into Government bonds?

Mr. WILLIAMS. In the case of those banks that took it, no doubt that is true.

Mr. DONDERO. Will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Michigan.

Mr. DONDERO. Can the gentleman inform the House by way of comparison the amount of money involved between the nonmember banks that only required the $265,000,000 and the member banks that required $760,000,000?

Mr. WILLIAMS. Does the gentleman have reference to deposits?

Mr. DONDERO. In size and amount of business.

Mr. WILLIAMS. Of course, most of them were smaller banks, but the number that served communities throughout the country were infinitely more. I do not mean, of course, to infer that membership in the Federal Reserve System is an element of weakness. I am not opposed, I say again, to any bank entering the System if it wants to come in, and it is entirely desirable in my opinion.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I yield the gentleman 15 additional minutes.

Mr. WILLIAMS. Mr. Chairman, I started to say a while ago there are those who believe that there is still a useful place in the community for an independent unit bank whether it is a member of the Federal Reserve System or not. A bank whose officers, directors, and stockholders live nearby. They are men who own their homes and pay taxes. Men who know the community and are interested in its growth and development. Those who know the needs and the financial responsibility of the bank's patrons. Those who are familiar with home and farm values. Those who are posted on industrial and business conditions there. Those who know the moral risks and who are acquainted with the indigent and the shiftless as well as the active and the thrifty. The men who contribute to the schools, the churches, and to charity. Those who belong to the lodges and the civic organizations. Those who are in the vanguard fighting the battle for every material improvement and advancement and for every cause that means better education, higher moral standards, civic betterment, a truer fellowship, and a better life. It is unthinkable to replace such an organization that is the very foundation and the back log of community life with a mere mechanism man, the clerk of a branch bank, the chief of which may be hundreds of miles away, and that knows nothing and cares less about the community. Still, that is the condition to which we are coming if we drive out of the community these small banks by compelling them to go into the Federal Reserve System. [Applause.]

Mr. COLDEN. Mr. Chairman, will the gentleman yield at that point?

Mr. WILLIAMS. Yes.

Mr. COLDEN. The gentleman has described very accurately a situation that already exists in California under our chain-banking system.

Mr. WILLIAMS. Yes; I am pleased to have that contribution from the gentleman.

I had hoped briefly to discuss title II. If the Congress is ever going to recognize its duty to coin money and regulate its value, there must be established some central board somewhere that has control of the expansion and contraction of currency and credit in this Nation. You cannot delegate this authority to a divided commission. The Federal Reserve banks of this country, the individual banks, cannot do it. They ought not to do it. I am one of those who believe that when it comes to the question of a monetary policy and credit administration, this authority must be vested in a Governmental, central agency somewhere. [Applause.] I do not care what you call it, a Federal reserve board, a monetary authority, or a monetary commission, the power must be placed somewhere, and title II of this bill increases the powers of the Federal Reserve Board and places upon it the duty, so far a monetary policy and a credit administration can do it, to stabilize industry and prevent fluctuations in the general level of production, trade, prices, and employment. This is the goal.

I know there are those in this body who think there are too many powers delegated to the Federal Reserve Board under this act. There are those who think that there are not enough powers granted. All this controversy, Mr. Chairman, revolves around the question of the board, the commission, or the committee that has these powers.

If we could all agree upon the constitution of this Board, how it should be appointed, what powers it should have, and, above all, what is its objective or what is its goal, we would have the question solved; but right there is where we do not agree. Some of the very men who express the fear that there is too much power placed in this Board would place the same power in a private, chartered corporation like the Bank of England.

This authority, in my judgment, has got to be vested in one central body and that body, so far as I am concerned, should be a body representing the Government and the interests of the entire people of this country rather than to be controlled and influenced by any group of private bankers or business men. [Applause.]

There is no use of my arguing with any man who does not believe in placing the monetary policy and the credit administration of this Nation in the hands of a central body. There is where it must be, according to my judgment.

There is one peculiar thing about the money question, and that is, the absolute, positive, but widely divergent views that exist. You may take men who are economists and financiers. You may take the professors in our great colleges, the men who have lectured to their classes, the men who have made speeches throughout the country, the men who have written books, the men who have given their lifetime to a sincere and honest study of the money question, and they will arrive at exactly opposite poles. You may take the men who are in the business world, men who have managed banks, men who have been in charge of our big financial institutions, able business men, and their views about the money question are just as wide apart as the views that some of us entertain or, perhaps, the views of the soapbox orator, who expounds his philosophy and his views from the street corner. This is a strange thing.

There are those who believe that the powers granted here do not go far enough. There are those who believe they should place the power in the hands of this Board to engage in open-market operations in the purchase and sale of gold. There are those who believe it should have the power to issue currency direct. There are those who believe it should have the right to devalue the gold dollar and determine the amount of grains in the gold dollar. On the other hand, there are those who believe that the power granted here is too great.

The main powers that are granted here under title II to the Federal Reserve Board are the right to establish and proclaim and, if you please, enforce an open-market policy and in the second place to determine the rates of interest that shall be charged by the Federal Reserve banks and, finally, the reserves that shall be maintained by the member banks.

These are the levers of control provided in this bill to expand and contract currency and credit in the Nation.

Now, I need not discuss the manner in which they will operate. Everyone knows that if there is a stringency in the money market and if there is a demand from industry and commerce for more currency and credit, it will be the policy of the Board to buy bonds and other eligible securities and put money out on the market, making it available, and at the same time making the rate of interest as reasonable as possible and lower the reserves in the banks so that credit and currency may be made available to the legitimate demands of industry, commerce, and agriculture throughout the country. On the other hand, if there is a tendency to speculate, if the Nation is going out on a wild orgy of spending, if inflation becomes rampant, it shall be the policy of this Board to draw in the money, to sell bonds and securities, and bring the money in, raise the discount rate, make it more difficult to get money and, if necessary, impound it in the banks by raising the reserve requirements.

By these three levers it is hoped and expected that the Federal Reserve Board shall so regulate and control the expansion and contraction of currency and credit throughout the Nation as to accommodate agriculture, commerce, and industry.

That is as it should be. I think the confusion that arises is due to the fact that we fail to recognize the distinction between a monetary system and a general Nation-wide credit policy on the one hand and banking functions on the other. That is where we fail to draw the distinction. The one is a governmental function and is Nation-wide in its scope, one that should be placed in a body responsive to the Government and to the will of the people, exercising its powers and performing its duties in the formulation and enforcement of a monetary policy in the interest of all the people. The other is more or less local and should be left to the initiative of the individual and to private capital.

I do not believe in a board here in Washington going to the various banks of the country and absolutely dictating the policy with reference to loans to be carried out there. But, on the other hand, I do believe in the establishment of a Nation-wide credit policy and a central agency to have control over the monetary system, which is a governmental function.

It is one thing to set up a monetary authority with power imposed upon it and the duty of carrying out certain policies in the interest of the people of the country. It is another thing to attend to the details of bank deposits and fix the solvency of the borrowers and the liquidity and soundness of loans.

One is a Government function and the other is purely a banking matter. For that reason, in my opinion, you cannot give too much power to the governmental body that controls—not the details of the banking institution down in your community or mine, but that does establish a policy that will enable the people of this country, business, agriculture, commerce, and industry to obtain loans upon reasonable rates and make available to them currency and credit by which they can carry on legitimate operations. That must be a governmental policy.

When this legislation is passed, as I believe it will be, we will have a system which will provide, as far as monetary policy can provide, for expansion and contraction of the currency of the country.

Now, there is another question here about which there is great diversity of opinion, and that is what should be the goal, what should be the objective. I realize that there are those on the committee, as well a number of Members in the House, who are firmly convinced, and really believe, that the commodity-price level is the ultimate goal toward which we should strive. There is a difference of opinion about that. Governor Eccles, speaking as a representative of the Federal Reserve Board, does not think that that is the ultimate goal.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. STEAGALL. Mr. Chairman, I yield the gentleman 10 minutes more.

Mr. ARNOLD. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. Yes.

Mr. ARNOLD. The gentleman was leading up to the very question that has been bothering me in this bill and I want to hear the gentleman's discussion as to the elasticity of the Board in controlling the expansion and contraction of the currency. That naturally involves the amendment that will be offered by the gentleman from Maryland [Mr. GOLDSBOROUGH].

Mr. WILLIAMS. In view of the extension of time granted me, I shall read some of the expressions of Governor Eccles, the head of the Federal Reserve System, and the man at least at present at the head of this Board that will be given the power and charged with the responsibility of trying to so manipulate the monetary system and the credit policy of this country as to bring relief to us. On that question it was my privilege, as well as the privilege of a lot of other members of the committee, to ask him various questions. On pages 215 and 216 of the hearings, this language will be found. Speaking of general-commodity price level, Mr. Eccles said:

> If stable prices at some given index figure would leave an army of unemployed, it does not seem to me that this is the objective that would satisfy this country.

In response to a question whether he favored fixing a certain commodity price level as the goal, Mr. Eccles said:

> I would prefer that it be not made the central objective of the banking bill.
> Do you think it is practicable to do that?
> I don't think it is.

Further, on pages 235 and 236, Governor Eccles said:

> I don't think there should be a mandatory provision to reach a certain price level. It may be of interest in that connection to consider the preamble of the recent law creating the Bank of Canada. It is short, and might be considered as a basis for our own.

I do not quote that provision, but it is enough for me to say at this time that the provision that is placed in the newly established banking system of Canada is almost word for word the provision which we placed in this bill. That is, as I gave you the substance of it a moment ago, that the price level is not the only thing to be considered, but general business stability, so far as the monetary policy can do it, and to prevent fluctuations, not only in the price level, but in production, in wages, in trade, and above all, in my opinion, in employment.

Mr. ARNOLD. As I understand it, and I want to see whether I am correct or not, the elasticity that is vested in the Board in the bill now before us, reported by the committee, is as great as the elasticity that would be if the mandatory provision of the Goldsborough amendment were adopted.

Mr. WILLIAMS. Much greater, in my judgment.

Mr. ARNOLD. In other words, this Board can control inflation and expansion?

Mr. WILLIAMS. Yes.

Mr. ARNOLD. To a greater extent under the proposed bill as reported by the committee than under the Goldsborough amendment. Is that right?

Mr. WILLIAMS. I do not know that I would put it in exactly that way, but the objective to be attained, the ultimate goal, the purpose of it is not confined simply to a price level, not confined to a commodity price level. That is not the only consideration.

Mr. ARNOLD. But they could use that commodity price level if they wanted to under the bill as now reported?

Mr. WILLIAMS. Yes; that is one of the things. To continue, in order that you may get Mr. Eccles' idea:

> I think there should be a goal, but the goal should not be a fixed price level. I don't believe that a fixed price level is a guide that we should have. We might have a stable price level on the basis of some index and yet have a great deal of unemployment.

He says on page 237:

> This is an interesting chart here that Dr. Goldenweiser gives me. It shows that the price level in England was very stable from 1931 to 1934, but the amount of their unemployment fluctuated considerably.

In other words, employment does not necessarily follow the price level, and, according to the experience of England—and that experience reflected in the recent Canadian system which has been established—they do not recognize that the price level is the only goal to be obtained. Further, Mr. Eccles says:

> I don't say that prices are not part of the consideration. I think that every effort should be made to maintain stable prices, but stable prices should not be the sole and paramount objective so that the Board would be directed to maintain stable prices and not to consider total production and employment at all.

In other words, the price level, of course, is one element in it, but let me suggest this to you. If we raise the commodity price level 20 percent, as the proponents of that theory say should be done——

The CHAIRMAN. The time of the gentleman from Missouri has again expired.

Mr. STEAGALL. Mr. Chairman, I yield the gentleman 5 minutes more.

Mr. WILLIAMS. If the price level should be raised, as I started to say, 20 percent, as the proponents of this measure say it should be and must be, and if by reason of that commodity price level we thereby raise the cost of living to the consumers of the Nation, unless there went with that price elevation an increased purchasing power on the part of the consuming public and unless there went with it general increased employment of the people of the country, then I say, so far as we are concerned, our economic condition would be worse than it is now rather than improved.

For that reason the commodity price level is not the only goal. It is not the only thing to be considered in arriving at the objective. The objective sought in this bill is that there shall be stable business conditions; that there shall be a general economic equilibrium; that the general level, not only of commodity prices, but of wages, production, and employment shall be maintained. When that is done we shall have a general economic balance, under which we will go forward to brighter and better conditions than we have enjoyed during the last decade. [Applause.]

Mr. MARTIN of Colorado. Will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Colorado.

Mr. MARTIN of Colorado. I would like to ask the gentleman a question that I believe very pertinent to this feature of his very able argument. It relates to section 204, the paragraph making it the duty of the Federal Reserve Board to exercise its powers in certain ways, which was very severely criticized by the ranking minority member of the committee, as one of the most dangerous, if not the most dangerous power conferred in the bill. I wish the gentleman would just read that section to the committee very briefly and comment on it. The gentleman has made a very able argument.

Mr. WILLIAMS. Will the gentleman just tell me what it is? My time is very limited.

Mr. MARTIN of Colorado. It is paragraph (o) on page 51:

> It shall be the duty of the Federal Reserve Board to exercise such powers as it possesses in such manner as to promote conditions conducive to business stability and to mitigate by its influence unstabilizing fluctuations in the general level of production, trade, prices, and employment, so far as may be possible within the scope of monetary action and credit administration.

Mr. WILLIAMS. Well, that is the very thing I have been talking about.

Mr. MARTIN of Colorado. Exactly. This paragraph has been criticized by the minority as perhaps the most dangerous paragraph in the whole bill.

Mr. WILLIAMS. But that is the very objective of this legislation. It may be of interest to know that there never has been written into the law any kind of an objective. There never has been a single word written into the Federal Reserve Act requiring the Board to even try to attain any kind of goal or any kind of objective. [Applause.]

The CHAIRMAN. The time of the gentleman from Missouri has again expired.

Mr. HOLLISTER. I will be glad to yield the gentleman from Missouri 5 additional minutes if he desires to pursue that question further.

Mr. WILLIAMS. No, thank you.

Mr. HOLLISTER. Mr. Chairman, I yield 30 minutes to the gentleman from Michigan [Mr. McLEOD].

Mr. McLEOD. Mr. Chairman, the closing days of the last Congress saw the enactment into law of the so-called "McLeod-Steagall compromise amendment" for the relief of depositors of receivership banks. It will be recalled that this legislation permitted the Reconstruction Finance Corporation, in making loans on or purchasing the assets of closed banks, to make their appraisals of such assets "in anticipation of an orderly liquidation over a period of years, rather than on the basis of forced selling values in a period of business depression." Since the passage of this measure much has been done by the Government to alleviate the hardships and distress occasioned by the sudden freezing of billions of dollars belonging to more than 10,000,000 representative American citizens.

The liberalizing of the Government's closed-bank policy has done much to conquer the forces of the depression. Wherever the funds tied up in a closed bank have been restored to the depositors there has been a corresponding advance toward recovery.

The truth of this statement has been particularly apparent in my own city of Detroit. Since the enactment of the compromise pay-off measure the Reconstruction Finance Corporation has made possible a full pay-off to all small depositors of the two large closed banks in Detroit. The immeasurable benefits which have accrued from placing the funds of depositors in circulation again have played a most important part in enabling Detroit to take the lead in our drive for recovery.

We have heard much about the splendid assistance rendered by the Government to depositors of closed banks. The really effective and helpful aid has been greatly stressed by certain officials of the Government, while at the same time glossing over the dark side of the picture. I grant that much has already been done. I have only the highest praise for the splendid assistance rendered by the R. F. C. in making funds available to the stricken depositors of receivership banks.

However, this is no time to rest upon half-won laurels. Having gone so far in the extension of the thawing process which has allowed frozen deposits to again flow into the channels of trade and commerce, it would be a great pity if we failed to take the final step that would provide the maximum possible returns in actual, concrete recovery benefits.

By this I refer to the apparent and evident unwillingness on the part of the administration to abandon the antiquated system of liquidating closed banks which has been handed down to us as a relic of the old days when banks were closed chiefly as the result of embezzlements, robberies, or unsound assets.

While I am perfectly aware that some of the closed banks now in liquidation failed for one or more of these very same reasons, on the whole an entirely different situation prevails today. The majority of the banks now closed went into receiverships because of the world-wide depression. They closed because values toppled and fell below normal almost overnight. When the business man could no longer pay on his notes, when the farmer could no longer pay off his mortgage, when the home owner could not pay on his home, and when securities reached zero levels the banks were unable to continue.

We have seen literally thousands of banks close in the past several years for the plain and simple reason that their assets, while sound, could not be immediately converted into cash on depression markets to meet the demands of those who needed their money.

While the receivership method of liquidating closed banks may have been all right years ago, it is wholly inadequate to meet the needs of the present day. Owing to the necessity of hasty liquidating, in order to expedite pay-offs, bank receivers are unable to wait and take full advantage of the constantly increasing upward trend in price levels which is steadily enhancing the value of many closed bank assets.

This rapid-fire liquidation policy means disposing of assets on depression markets for amounts far below their normal and real values. This dissipation of the depositors' money must be stopped, and the only way in which it can be stopped is by abolition of the entire existing set-up for winding up the affairs of closed banks.

We already have the necessary governmental machinery to take over and perform in the most economical and satisfactory way the liquidation of the thousands of closed banks whose assets are steadily fading away and disappearing under present receiverships.

The Reconstruction Finance Corporation has already extended vitally essential aid and assistance to the depositors of more than 7,000 banks. This important and most valuable agency of the Government is best equipped to take over the problem of conserving and properly disposing of the assets of the country's closed banks. To do so would merely be the logical extension and fulfillment of a Government program which has already proved most successful.

Liquidation of bank assets by the R. F. C. would make it possible for such assets to be held long enough to take full advantage of the rising price levels. My bill, H. R. 2847, is designed to take advantage of the superior liquidating capacity of the R. F. C. Under its provisions the R. F. C. would purchase the valuable assets of closed banks outright. Assets which have become valueless would, of course, be excluded. Funds would be made immediately available to depositors. The assets would become the property of the R. F. C. and would be liquidated slowly and carefully over a period of 10 years.

The thousands of scattered receiverships would in this way be permanently abolished. Their place would be taken by the R. F. C., which would act as a single, coordinated liquidating agency to serve the interests of the depositors and of all the people in the most efficient and economical manner possible.

It has been estimated that the total amount due depositors of both National and State banks now in receiverships is about two and a half billion dollars. If present receivership methods are persisted in, it is more than a mere probability that depositors will lose more than two billion of the two and a half billion dollars still due them.

There are two sources of loss under present liquidation methods which would be eliminated by my bill. First, we have the loss entailed by dumping good, but slow, assets on subnormal depression markets. Second, we have the question of excessive liquidation expenses, including salaries, fees, and so forth.

Mr. BROWN of Michigan. Will the gentleman yield?

Mr. McLEOD. I yield.

Mr. BROWN of Michigan. Is it not a fact that in the one large Detroit institution that has progressed most under the Comptroller's receiver, they have organized and the Federal court has now approved a set-up of a depositor's liquidating corporation, which will prevent losses to depositors, of which the gentleman is now speaking?

Mr. McLEOD. That is correct. That same institution has already paid off the small depositors in full, 100 percent.

Mr. BROWN of Michigan. Of course, the gentleman knows, being familiar with the situation in the city of Detroit, that it is proposed to establish a liquidating depositors' corporation for the First National.

Mr. McLEOD. That is correct.

I do not mean to say, of course, that all receiverships are handled and managed at excessive cost to the depositors.

I do insist, however, that receivers are not in a position to wait and hold assets until the constantly increasing price levels make possible the full and complete recovery of asset values. The facts also show that many instances do exist where exorbitant fees and expenses are paid from the funds of depositors. Whether it comes from the assets or interest derived from the assets makes no difference—the money paid as liquidating expenses is lost to the depositors and comes from their funds.

While it has been shown that some receiverships have been conducted at a cost of but 2 or 3 percent, or less, the following examples show that all depositors are not so fortunate:

| | |
|---|---|
| Olney National Bank, Hartford, Mich.: | |
| Liquidation expenses | $14,507.46 |
| Dividends paid | 93,451.74 |
| Modoc County Bank, Modoc County, Calif.: | |
| Liquidation expenses | 33,600.00 |
| Dividends paid | 137,000.00 |
| Peoples National Bank, Pitcairn, Pa.: | |
| Liquidation expenses | 26,908.38 |
| Dividends paid | 175,612.98 |
| First National Bank, Trafford, Pa.: | |
| Liquidation expenses | 19,053.13 |
| Dividends paid | 108,187.62 |

One of the worst instances which has come to my attention is that of a group of closed State banks in Illinois. In a survey made by the Chicago American of the closed-bank situation in Cook County, Ill., it was shown that a group of 12 institutions, known as the "Bain Banks", closed on June 9, 1931, with deposits totaling $13,000,000.

Since this group of banks closed, $461,973.35 has been paid for pay rolls and miscellaneous liquidating expenses, $176,000 for attorneys' fees, and the receiver has been paid $108,421.81, making a total liquidating expense of $746,395.16.

However, during this same period, there has been paid just $201,942.70 to depositors, an overall average of only 1½ cents on the dollar. In other words, it has cost exactly $746,395.16 to pay the depositors $201,942.70.

Mr. BROWN of Michigan. Will the gentleman yield again?

Mr. McLEOD. I yield.

Mr. BROWN of Michigan. Those were not national banks?

Mr. McLEOD. Those were not national banks.

Naturally, such conditions are not conducive to a spirit of confidence, either among the depositors of closed banks or among the public at large. The unrest, the disquietude, and the lack of confidence engendered by the banking situation has been keeping money out of the normal channels of private enterprise and is retarding and hampering our efforts to attain complete recovery.

Furthermore, this lack of confidence has been diverting funds from private to Government channels. It has actually forced the Government to go into business and extend relief activities to provide the employment of facilities private business has been unable to provide, due to lack of funds, lack of confidence, and lack of initiative born of a well-founded belief in the stability of our present financial structure.

This statement does not lack confirmation. As an illustration, I will mention that in December 1929 postal-savings accounts totaled $164,276,392. Today, after the banking crash and vanished confidence, the American people are intrusting nearly a billion and a quarter dollars to the care of Government-protected postal-savings accounts. This, too, in spite of the fact that nearly all banks are now insured by the Federal Deposit Insurance Corporation.

In spite of these hindrances, enough progress has been made to show that much would be gained by liquidating closed-bank assets more slowly. We have witnessed a most encouraging upward trend in the value of many securities. We already have more than a reasonable basis for assurance that the slow and good, but frozen assets of receivership banks have already appreciated considerably in value and will continue to do so on the steadily rising markets that arrive hand in hand with the various stages and phases of economic recovery.

As an example of how values have recovered already since the worst days of the depression, I will cite the following gains made in the values of several representative securities: A glance at the stock-market quotations will show that since the depression reached its lowest point during the first quarter of 1933 American Telephone & Telegraph has risen from 87¾ to 112⅞; Bethlehem Steel common from 10⅛ to 26; Bethlehem Steel preferred from 25¼ to 64; Chrysler Motors from 7¾ to 37⅜; Eastman Kodak from 50⅛ to 140½; General Motors common from 10 to 30⅝; and General Motors preferred from 65½ to 116⅛.

Mr. SISSON. Will the gentleman yield?

Mr. McLEOD. I yield.

Mr. SISSON. I did not just get the gentleman's point, but the gentleman said something a few moments ago about the cost of receiverships. Does the gentleman still stand upon all the newspaper statements that have been issued during the past 3 or 4 months with respect to the conduct of the Comptroller of the Currency with respect to the expenses of receiverships, fees of receivers, and fees of attorneys for receivers?

Mr. McLEOD. To which phase of the controversy does the gentleman refer?

Mr. SISSON. I refer to all the controversy which the gentleman started through the newspapers.

Mr. McLEOD. The gentleman is not aware that he started a controversy through the newspapers, and that is why he asked to what phase of the controversy the gentleman from New York referred.

Mr. SISSON. My recollection is not good enough to recall all of the statements that the gentleman gave to the Hearst newspapers, but, of course, the gentleman is familiar with them himself. I refer to the various criticisms which the gentleman made of the Comptroller of the Currency, Mr. O'Connor, with respect to the expenses of receiverships in the city of Detroit, Mich., and the fees of attorneys for receivers, and the gentleman's statements that he was not able to obtain information from the Comptroller as to the fees of receivers and the fees of attorneys. I asked if the gentleman still stands upon all those statements that he formerly made to the newspapers.

Mr. McLEOD. I stand on the statement that the gentleman just stated, that it was impossible to ascertain figures of the cost of receiverships, which was based on a question propounded by a member of the committee, my colleague from Michigan [Mr. BROWN], on the assertion that a certain bank in Michigan, the Guardian National Bank of Commerce, was to cost in attorneys' fees something like a quarter of a million dollars. That is to what the gentleman refers.

Mr. SISSON. The gentleman knows, or should know, before he made the statement, that under the law the Comptroller publishes a statement of the fees and expenses of each receivership in the banks liquidated under his direction and the fees of the attorneys for the receivers.

Mr. McLEOD. Will the gentleman answer the question, then, why it was that no Member of Congress was able to obtain the information of which he has just spoken?

Mr. SISSON. I deny that is a fact, that no Member of Congress was able to obtain it. Perhaps he was not able to obtain it immediately, but the gentleman from Michigan, as I am reliably informed, never made any request upon the Comptroller for a statement of the expenses or fees of any receivership for the liquidation of any bank.

Mr. McLEOD. If the gentleman is attempting to defend Mr. O'Connor because of a resolution I filed with the Committee on Banking and Currency asking that the expenses of receiverships be made known to this body, then that is another question.

Mr. SISSON. I will ask the gentleman now another question, inasmuch as he does not care to answer the particular question I addressed to him.

Mr. McLEOD. The gentleman has not stated a question.

Mr. SISSON. Would the gentleman care to appear—voluntarily, of course, for he could not be asked to appear otherwise—before the Committee on Banking and Currency and substantiate the charges he has made against the Comptroller of the Currency?

Mr. McLEOD. I am aware of the fact that the Comptroller of the Currency wrote to one or two Members of Congress, and perhaps the gentleman from New York is one of them, asking that I come before the committee and answer certain questions that have not been communicated to me.

Mr. SISSON. Does the gentleman want to appear before the committee and substantiate his charges?

Mr. McLEOD. My charges?

Mr. SISSON. Yes; the charges the gentleman made in the Hearst newspapers.

Mr. McLEOD. The gentleman is mistaken in saying "the Hearst newspapers."

Mr. SISSON. I read them in the Hearst newspapers myself.

Mr. McLEOD. The gentleman is mistaken in his facts.

Mr. SISSON. I do not very often read the Hearst newspapers, but I read the particular Hearst papers that contained this matter.

Mr. McLEOD. If the gentleman desires to state a definite question, I shall be happy to answer it.

Mr. SISSON. I am asking the gentleman if he still stands on all the things he claimed were facts that he sent to the newspapers, whether Hearst or other newspapers, about Comptroller O'Connor and the expenses of receiverships and the fees of attorneys for receivers in the city of Detroit, Mich.

Mr. McLEOD. Yes; that is a fact.

Mr. SISSON. Then, will not the gentleman now express his willingness to appear before the Committee on Banking and Currency and substantiate those charges?

Mr. McLEOD. If the chairman of the committee were to ask me to come before the committee, I would be happy to do so. I wanted to come before the committee in support of my resolution.

Mr. SISSON. The gentleman has answered; his answer is "yes."

Mr. McLEOD. This controversy referred to by the gentleman was started by Mr. O'Connor because of his personal objections to making public the information requested in my highly privileged resolution of inquiry.

Mr. SISSON. The gentleman's answer, then, is "yes"; that he would like to appear before the committee and substantiate or attempt to substantiate his charges.

Mr. McLEOD. I do not retract any statement I have made during the so-called "controversy" to which the gentleman refers. Does that satisfy the gentleman?

Mr. SISSON. I am asking the gentleman if he is willing to appear before the committee and substantiate his charges; yes or no?

Mr. McLEOD. Merely for the purpose of gratifying the vindictiveness of Mr. O'Connor as evidenced by you as his spokesman, I would say "no." It would be unnecessary to appear before the committee, as the Chairman and members of the Banking and Currency Committee are present and my statements are being substantiated right here and now on the floor of the House.

Mr. SISSON. I am not his spokesman.

Mr. McLEOD. The gentleman acts as though he were.

Mr. SISSON. I am acting merely in the matter of fairness in representing an administrative official of this Government in this Congress.

Mr. McLEOD. The gentleman is attempting to act as a defender of Mr. O'Connor. Let me ask the gentleman himself a question.

Mr. SISSON. It is a question of the gentleman having made charges. If there is any basis for the charges, the gentleman should be willing to appear before the committee and substantiate them.

Mr. McLEOD. Does the gentleman refute any of the charges I made?

Mr. SISSON. That has no bearing on the issue. The law answers the gentleman's question, the law answers the gentleman's charges which have gone out through the newspapers of the country.

Mr. McLEOD. Does the gentleman deny that any of the charges I made were correct?

Mr. SISSON. I deny that each and every one of them is correct.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. McLEOD. I yield.

Mr. WOLCOTT. If I understood the gentleman's resolution correctly, it merely asked the Comptroller of the Currency to give specific information as to the attorneys who represented the national banks and other information with respect to receiverships.

The gentleman stated that, so far as he was concerned, it had been rumored in his city and in other places in Michigan that certain attorneys had received upward of a quarter of a million dollars for fees and the gentleman wanted to clarify that situation by having an investigation made to determine whether any particular individual attorney had been paid such exorbitant fees in representing receivers. Is that correct?

Mr. McLEOD. That is correct.

Mr. WOLCOTT. In substantiation of that and what has gone on, I make the statement that the gentleman is perfectly correct, not only in his desire for that information but in stating that the information was necessary, because those rumors came to me; and, as a member of the Committee on

Banking and Currency, I asked the Comptroller of the Currency for that very information, and the Comptroller of the Currency on three different occasions told the public that he was furnishing it to my colleague from Michigan and myself, members of the Banking and Currency Committee, and that they could do with it as they saw fit. At the very time the Comptroller of the Currency was making public the statement that he was furnishing us that information, he wrote me a letter telling me he would furnish the information provided I would keep it confidential.

So there was a great deal of justification for the gentleman's resolution to air this whole situation; and I think the fact the gentleman did file the resolution has had a very healthy reaction on the whole situation, because it developed that in these letters which he made public at the same time he addressed the letters to us, that one lawyer for 11 months' services had received an average of $9 an hour for each legal hour spent in the discharge of his duties. One hundred and fifty thousand dollars, I think, was the total. He had asked for $165,000 but the Comptroller cut it down to $150,000. The other attorney had received $75,000 and had not put in a bill for over a year, so it could not be determined what the amount was; but based upon $150,000 for 11 months' work, for this work of this attorney certainly there was some basis for the rumor that he was to get a quarter of a million dollars, or $250,000. I want to commend the gentleman from Michigan [Mr. McLeod] for starting this thing and getting the facts with respect to receivers and attorneys' fees out in the open for the benefit of the people of Michigan and particularly the people of Detroit.

Mr. McLEOD. I thank the gentleman from Michigan.

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. McLEOD. I yield.

Mr. BROWN of Michigan. I want to correct one statement made by my colleague from Michigan [Mr. Wolcott] to the effect that one attorney received $150,000. As a matter of fact, this attorney had in his employ, as the gentleman readily will admit, 11 lawyers; and the fee covered the services of 12 attorneys.

Mr. WOLCOTT. For 10 months.

Mr. BROWN of Michigan. And to be perfectly fair it should be said these 11 attorneys also were occupied presumably about half of their time on the affairs of the First National Bank. Part of their time should be chargeable to that institution.

I do not want to take sides in this controversy, and I have reserved my opinion in reference to the Comptroller's allowance of these fees; but I do not want the House to suppose that the resolution introduced by the gentleman from Michigan [Mr. McLeod], brought this matter to light, because, as substantiated by the hearings on the bill before us, this matter was brought to the attention of the Comptroller of the Currency by myself, and as a result of that inquiry, and before the resolution of the gentleman from Michigan [Mr. McLeod] was presented, the Comptroller had agreed to make public the amounts paid to attorneys and receivers in the city of Detroit. I do not, at the present time, have sufficient judgment to determine, in my own mind, whether the amount of those fees was too great or not. That is a matter for every Member of the House to determine for himself. I do want to say, however, I am reliably informed that the amount of attorney fees in the case of the Bank of United States in New York, which was just a little larger than the Guardian Bank of Detroit, amounted to over $1,000,000. The fees for the attorneys in the City of Detroit, who worked for the receiver of the Guardian Bank, amounted to $150,000 for a period of about 10 months.

Mr. McLEOD. The gentleman is referring to the attorney fees in the case of the First National Bank of $150,000?

Mr. BROWN of Michigan. The Guardian Bank.

Mr. McLEOD. That was for 10 months only. Is the gentleman aware of that fact?

Mr. BROWN of Michigan. I understand, but it was for the Guardian Bank.

Mr. McLEOD. It was a bank in Detroit.

Mr. BROWN of Michigan. Yes; and I understand it was for 10 months' work.

Mr. McLEOD. The gentleman may be more easily satisfied than I was with the promise of the Comptroller. I introduced a resolution of disclosure to attempt to force the information that the gentleman was unable to get, and he knows it. The gentleman from Michigan admitted he was unable to get this information. So there is a diversity of opinion of two members of the committee itself. Both members apparently wanted the information. One was promised the information and eventually after the third request he was told he could have it if he kept it confidential. Does that answer the question of the gentleman from New York?

Mr. SISSON. No; it does not.

Mr. WOLCOTT. Will the gentleman yield?

Mr. McLEOD. I yield to the gentleman from Michigan.

Mr. WOLCOTT. May I say that what my colleague, the gentleman from Michigan [Mr. Brown], said with respect to the other attorneys is perfectly correct, and that is why I preceded my remarks by saying that although this amount was paid to one individual, nevertheless he was paid on the basis of $9 per hour. He had asked for $9.90 for each legal hour for all the men he had working for him. He was paid on the basis of $9 per hour for the lawyers that he had working for him. I thought I made myself clear that the $150,000 resulted in the lawyers getting paid on the basis of $9 per hour for their work. I think that is pretty good for even high-class lawyers.

Mr. SISSON. Will the gentleman yield?

Mr. McLEOD. I yield to the gentleman for a question, not for a statement or speech.

Mr. SISSON. The gentleman has plenty of time. I merely wanted to reply particularly to the statement made by the gentleman from Michigan [Mr. Wolcott]. I am not as familiar with the details as the gentleman is, but I was present at the committee meeting when both the gentlemen from Michigan, Mr. Brown and Mr. Wolcott, asked Mr. O'Connor for this information. There was never any equivocation about it, and, as the gentleman from Michigan [Mr. Brown] has indicated, there was no hesitation, in giving the information. It was obviously apparent, however, that to break this matter down and give it in detail would require some time. Mr. O'Connor frankly said it was something he was perfectly willing to furnish. So far as the statement made by the gentleman from Michigan [Mr. Wolcott], that some lawyer was going to get $9 an hour or $9.90 an hour is concerned, I am sure that the gentleman from Michigan is a good enough lawyer that he has been very frequently able to command at least $9.90 an hour. I am only a garden variety of lawyer myself, but sometimes I have received $100 a day. It depends upon the importance of the work, and the gentleman's statement should include in the amount involved the results accomplished and the fact that several of these firms of attorneys were employed by former Comptrollers under Republican administrations.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield the gentleman 10 additional minutes.

Will the gentleman yield?

Mr. McLEOD. I yield to the gentleman from Michigan.

Mr. WOLCOTT. The gentleman is correct. The Comptroller of the Currency told me, in response to questions, that he would be very glad to furnish me the information as a Member of Congress. He first asked us to keep it confidential; then he said if we felt our duty as a Member of Congress demanded it, we could make the information public. I have said that on three occasions the Comptroller of the Currency publicly said we would be at liberty to use this information as we saw fit. After the statement before the committee and after the statement which he had given to the Detroit papers with respect to making it public, I had a letter from him, which I have in my files, and I will bring it over and put in the Record if necessary, in which he asked me to keep this in confidence. After he had made these public statements that he would be glad to have us receive the information and give it to the public, he still asked me to keep it in confidence and still kept us in the position of not being able to advise our constituents or the people interested about the matter without breaking faith with the Comptroller. I want to make my situation very clear so far as Mr. O'Connor is concerned. I admire the gentleman and I think he is doing a splendid job. It might seem inconsistent for me to say that in view of what has gone on, but I have written him to that effect. I have no fight with Mr. O'Connor. I merely want to bring out the fact that the regulations have been such that he perhaps has not been able to give out this information.

If the regulation and the laws are such that he cannot give out the information, then by examination before our committee we should determine it so that in the future there will be no misunderstanding as to why the Comptroller of the Currency does not give out to the public information concerning attorneys' fees on pending receiverships.

Mr. SISSON. Will the gentleman yield?

Mr. McLEOD. I yield to the gentleman from New York.

Mr. SISSON. I agree 100 percent with my colleague the gentleman from Michigan [Mr. WOLCOTT]. He has made a very fair statement about the matter, which goes a long way toward clearing the matter up. I was merely addressing my first question, as I think the RECORD will disclose, to the gentleman from Michigan [Mr. McLEOD] not by reason of the fact he introduced a resolution, if he felt compelled to do that, but as now appears because there was already a request by the gentleman from Michigan [Mr. BROWN] for the information which he had requested and the gentleman from Michigan, before he made any other move in the matter, gave out statement after statement to the newspapers of his charges.

Mr. McLEOD. The gentleman should be willing to prove any kind of statement he would make on the floor of this House. Now what possesses the gentleman at this time to make a statement that there is absolutely no truth in? What is possessing him to do that at this time? Is it Mr. O'Connor?

Mr. SISSON. No; Mr. O'Connor would not possess me to make any statement.

Mr. McLEOD. Can the gentleman answer what it is that made him say that? There was but one statement put out previous to the time I introduced this resolution and that statement was merely an announcement that I intended introducing the resolution on a certain succeeding day.

Mr. SISSON. I do not know when the gentleman introduced the resolution.

Mr. McLEOD. Then how does the gentleman know what he is talking about?

Mr. SISSON. But the resolution was introduced after the information was asked by the gentleman from Michigan [Mr. BROWN], and before the gentleman made any request.

Mr. McLEOD. First, you say you do not know when the resolution was introduced.

Mr. SISSON. And then the gentleman made a statement to the newspapers.

Mr. McLEOD. But the gentleman does not know when the newspaper statements were made.

Mr. SISSON. The gentleman knows that. Why does he not come forth with the information?

Mr. McLEOD. Why does not the gentleman more fully inform himself before he makes such a statement?

Mr. GOLDSBOROUGH. Mr. Chairman, I shall have to ask that the debate proceed in order.

The CHAIRMAN. The gentleman will proceed in order.

Mr. McLEOD. After this discussion concerning the Comptroller, which I had no intention of referring to whatsoever, I must say at this time, since it has been discussed here, that after the information that has been referred to by both the gentleman from Michigan [Mr. BROWN] and the gentleman from Michigan [Mr. WOLCOTT]——

Mr. GOLDSBOROUGH. Mr. Chairman, I ask that the debate proceed in order.

Mr. McLEOD. The gentleman at least wants to be fair.

Mr. GOLDSBOROUGH. I think I am fair.

Mr. McLEOD. I am proceeding in order.

Mr. GOLDSBOROUGH. In my opinion, the gentleman has not been proceeding in order since he started.

The CHAIRMAN. The Chair will state to the gentleman from Maryland that this collateral matter was injected into the gentleman's speech, and the Chair feels the gentleman has reasonable latitude with respect to the information he has referred to.

Mr. McLEOD. It is pitiable that there is a movement afoot to defend the action of a bureaucrat of this administration, who, on the request of the two Members I have referred to, should have furnished the information desired. Perhaps it would have been more in order for a member of the Banking and Currency Committee to have offered the resolution of disclosure requesting this information rather than myself, but I did it, and I have no apologies to make, the result being that the unfavorable report of the committee contained the statement that Mr. O'Connor, in his next report, would supply the information requested. Is not that the fact, I will ask the gentleman from Michigan [Mr. BROWN]?

Mr. BROWN of Michigan. Yes; I do not remember exactly what the committee reported, but I do want the RECORD to show that at the time the matter was first raised, on March 27, I believe, Mr. O'Connor, in answer to my question, did say, "I will give you that information", referring to the attorneys' fees, "and it is then up to you." He meant as to publication.

Mr. McLEOD. And it was then stated in the adverse report of the committee on my resolution that it would be forthcoming in the next report. Is not that the fact?

Mr. BROWN of Michigan. Yes; that is right.

Mr. McLEOD. To proceed, then, Mr. O'Connor happens to be the type that takes offense at the slightest suggestion that the policies of his office are subject to improvement. He has been antagonistic ever since the introduction of my bank depositors' pay-off bill in the last Congress, when fully one-third of the Membership of the House during the last session, by signing the discharge petition on this measure, indicated their dissatisfaction with the system of liquidating closed banks which Mr. O'Connor seeks to perpetuate. Everything I have said is a matter of record and can be found in the CONGRESSIONAL RECORD. Mr. O'Connor's statement was inserted in the RECORD by Senator BYRNES, of South Carolina, at the request of Mr. O'Connor. Senator BYRNES, a Democrat, was unprejudiced and fair enough also to insert my reply to Mr. O'Connor's statement in the CONGRESSIONAL RECORD.

There is no need of further discussion of the matter. It is just one of those things that were offensive to Mr. O'Connor because he was urged to a course of action by my colleagues, Representatives WOLCOTT and BROWN, as well as by myself, which was not in keeping with his reticent attitude regarding the information sought.

I have already consumed more time than I had expected to use and, in conclusion, let me return to the theme of my remarks and stress the fact that the present receivership system was designed to meet the needs and requirements of a bygone age. It was formed to liquidate assets which did not have the prospect of enhancement and appreciation through the recovery of values crushed by a world-wide economic upheaval. It has served its purpose and should make way for a successor modeled to meet the exigencies of the present situation and to meet the different liquidating requirements of today.

The R. F. C. has proved one of the most efficient weapons in our fight for recovery. It can and will, if we will provide the ammunition contained in the bill, to which I referred, do more than any other single agency of the Government in blasting the obstacles which are today impeding and blocking our efforts to win economic rehabilitation.

My conception of this whole picture is that when this vital question is disposed of, finally and conclusively, and when there will no longer be receivership banks undergoing wasteful liquidation in practically every city in the country, then, and not until then, will we see the break in the clouds which will presage complete recovery.

Then, and not until then, can we expect the people to place their savings confidently in the ordinary and customary channels of private enterprise which form the arteries of out national life. The resumption of the employment-creating functions of private business which this would foster and engender would, to my mind, be the real turning point in our struggle for recovery. [Applause.]

Mr. GOLDSBOROUGH. Mr. Chairman, I yield 20 minutes to the gentleman from Connecticut [Mr. KOPPLEMANN].

Mr. KOPPLEMANN. Mr. Chairman, ladies, and gentlemen of the Committee, to my mind the bill under consideration has much merit. As a member of the Banking Committee, I voted in the committee for many amendments to the original draft. I should like to go along with my committee on the bill presented to the House, but I believe that further changes are needed to effect the results which sponsors of this legislation feel it will accomplish.

I am prepared as a committee member to vote for amendments that I expect will be introduced in an effort to make the banking bill of 1935 a better bill, more far-reaching, and which will do what the country expects of the Congress in its banking legislation.

I had hoped in committee that another title might be added—a title concerning a matter which I am about to discuss, that, to my mind at least, would have made for greater satisfaction with the banking bill of 1935.

There is now before the House Committee on Banking and Currency a measure introduced by me some weeks ago, and which I hope will be presented to this honorable body within the near future. This bill proposes to set up an intermediate credit corporation for business and industry. It has for its purpose the enactment of a law which will provide machinery designed to give immediate credit relief to the small business and commercial enterprises of this country. Big business can take care of itself. Government functions have been developed which provide assistance to various agricultural enterprises and to institutions of a financial character.

The credit plight of America's small business and industrial concerns is well known to every one of us. For years these small concerns, numbering many thousands and which form the real backbone of our commercial system, have been suffering an economic strangulation largely uncalled for in view of the fact that there exist means in this country to provide for them the assistance which will enable them to revive, carry on, and contribute their share to the return of recovery.

During the last session of Congress there was enacted a law giving power to the Federal Reserve System and the Reconstruction Finance Corporation to loan directly to these small concerns. To what extent has this law, which has been in operation for 10 months, given the help for which the small business men and industrialists have been pleading, and the lack of which has been holding them back, forcing them into an unwilling bankruptcy?

The last Congress voted $580,000,000 for this purpose. As of April 27, 1935, the Reconstruction Finance Corporation under the direct loans to industry law has actually disbursed but $14,872,667. The Federal Reserve System as of April 24, 1935, has actually loaned out but $29,055,000. In other words a bare 7 percent, which is no help at all.

When Congress passed this law on the closing days of the last session the act was hailed as one of the most constructive and beneficial pieces of legislation to come out of the Roosevelt administration. You know as well as I the need of the law. You know as well as I the tremendous difficulty of small concerns to secure a loan from banks.

Why have the Reconstruction Finance Corporation and the Federal Reserve System fallen down on their jobs? It is not their fault. They are governed by the attitude of bankers. Requirements imposed upon applicants for loans are so strict, collateral demands are so stringent that would-be borrowers are discouraged from even attempting to secure loans.

The corporation which is proposed under my bill would be governed by the humane attitude which is governing the program and the policy of this administration. Of course, there would be requirements. Every business man wants them, and wants to meet them, but there would be brought to this organization a sympathetic understanding for the needs of business and industry. Consideration would be given to the personal attributes of an applicant and the corporation would be directed with a policy which has long vision.

When one views the enormity of the problem and the seriousness of the situation, it is heart-breaking to realize that Congress in its far-seeing wisdom passed this act, confident that small commercial enterprise in America would be stimulated and revived, and that today there is still unused more than 93 percent of the money which was set aside for this purpose.

How long is this going to continue? How long are we Members of Congress going to receive these piteous appeals from the small business men and industrialists of our communities, begging and imploring for aid so that they themselves will not be wiped out and the few employees to which they have been able to hold on will not be thrown onto the relief rolls?

We are deeply concerned here with the problem of unemployment. We are deeply concerned with the problem of relief. Let met quote from a few of the letters which have come to me from all parts of the country. There is only one point I am going to bring out today and that is the contribution to permanent employment which will be given to this country by the passage of this bill.

From my own city of Hartford, Conn., a concern writes me:

> There are any number of concerns in our section, who could, with a little help from the Government, increase their business and reemploy hundreds of people, and until the time arrives when the Government will come to the assistance of small business, it is useless to talk about recovery.

Again from Hartford I received the following comment on my bill:

> If such a bill was passed, there is no question but that it would become a major factor in creating new jobs and would be conducive to reducing the number of unemployed, and consequently reduce the need for relief.

From Hammond, Ind., a concern, whose application had been turned down by the Reconstruction Finance Corporation, wrote to that department as follows:

> In anticipation of our increasing trade and hopes of augmenting our working capital, we had already added two people to our pay roll. This in the office force. When your letter of rejection came, we found it necessary to lay off one of the office employees in order to conserve our finances, but if this loan was granted, we would not only recall the one person in the office but we would double our present force of men in the factory. We are confronted with these difficulties because of a lack of work capital.

An awning- and tent-manufacturing association in New England wrote me that, as a result of the inability of member concerns to obtain credit assistance—

> Many of our New England awning and tent manufacturers who were unable to borrow from their banks discharged their employees, after the awning season was over, around the Fourth of July, rather than carry them over all the year, as it was possible to do when they could borrow money or business was good. I predict for this industry that if bank or Government money cannot be had by borrowers in this industry that a large number of our manufacturers will discharge more workers than last year, and thus more idleness in this business until the following season opens.

From Detroit, Mich., I received a letter from a petroleum association from which I quote:

> If credit can be arranged for small- and medium-size businesses of the country, it would do more to put men to work and improve business than any action which has been taken so far by the Government.

From a heart-breaking plea for Federal credit assistance which I received from a concern in St. Louis, Mo., I quote the following paragraph:

Ten short years ago we employed about 35 persons with an annual payroll in excess of $75,000. Today we have no regular employees and our stock and equipment is sadly depleted.

A business man in New York writes me:

I feel rather certain that if I were to be called before your committee that I could convince beyond a shadow of a doubt that millions of people are still unemployed at present and will continue to be unemployed as a result of the inability of the smaller merchant to secure financial aid and assistance.

Again from New York City I quote the following letter:

We are among the small enterprises suffering from lack of sufficient capital to do business as we should. We employ about 80 men at present, but if we had more capital we could employ about 40 or 50 more.

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. KOPPLEMANN. Yes.

Mr. BROWN of Michigan. Of course, the gentleman realizes that the average commercial bank cannot provide long-time working capital for industry, large or small.

Mr. KOPPLEMANN. I do.

Mr. BROWN of Michigan. It must come from some other type of financial agency.

Mr. KOPPLEMANN. The gentleman is correct.

Mr. BROWN of Michigan. I wonder if the gentleman has considered the use of the Reconstruction Finance Corporation in this connection?

Mr. KOPPLEMANN. I am glad to say to the gentleman that the results achieved during the past 10 months, in the practical experience of the Reconstruction Finance Corporation, have proved to me and to the rest of the country that the Reconstruction Finance Corporation has not been successful in handling intermediate loans. The Corporation has failed to fulfill the expectations we anticipated from the passage of this law. There is no hope for business and industry with respect to intermediate loans from the Reconstruction Finance Corporation.

Mr. BROWN of Michigan. Does the gentleman think that the trouble is in the personnel at the head of the Reconstruction Finance Corporation, or does he think that it is due to some limitation in the law?

Mr. KOPPLEMANN. It is in part due to the banking attitude of both the Reconstruction Finance Corporation and the Federal Reserve System, which hampers them in making loans known as intermediate, long-term loans. They are not set up for that purpose, and if they were they could not get away from the attitude of our bankers throughout the country, who have refused to make this type of loan to industry and business.

Mr. BROWN of Michigan. I may say to the gentleman that I agree with him, that there is a need for the kind of credit about which he is talking, and many of the officials of the administration, I know, feel the same way, but the difficulty is to find the organization that is best suited to handle it. It has seemed to me that if we could amend the Reconstruction Finance Corporation law to that end, the gentleman's object could be best attained in that way.

Mr. KOPPLEMANN. So it seemed to all of us in the last session of Congress when we passed this law, setting aside $580,000,000 to these two organizations, the R. F. C. and the Federal Reserve System. But they have proved to everyone that they are not the organizations for that purpose. My bill, even scanned through, will demonstrate, I am certain, to the gentleman and to the Congress, that the set-up requires men who are removed from the bankers' attitude, men who understand credits, who are sympathetic to the needs of business, and whose idea is to bring back recovery through aiding small industrials to go ahead with orders in hand, and employ men to carry out the orders in hand, by giving them adequate credit and working capital.

Mr. CAVICCHIA. Mr. Chairman, will the gentleman yield?

Mr. KOPPLEMANN. Yes.

Mr. CAVICCHIA. It may interest the gentleman to know that a committee in New York had before it some 53 applications for industrial loans 9 or 10 days ago. After the committee got through its work it granted exactly three loans. This was told me by a Member, who was a member of the committee, who says that he will no longer attend the sessions because they get nowhere, and he admitted that many of the loans that were turned down ought to have been granted.

Mr. KOPPLEMANN. I thank the gentleman and I call that statement to the attention of my colleague from Michigan [Mr. BROWN].

Temporary-made work is not going to solve our unemployment problem, nor is the generosity of a benevolent Government toward its distressed and needy going to be the cure-all through measures of relief. Relief is necessary, but it should merely be a gap, not a permanent thing. This bill offers a method toward a durable recovery. If some of the money which was allocated for relief were turned over to the credit assistance of business and industrial concerns, each of which in its small way can add to its pay rolls anywhere from 5 to 100 people in a given community, then we would be on the path to recovery. Take 100 families off these relief projects and put them back into the private industries of our land in a given community and one of the most important jobs of this Congress will have been effected. Repeat that situation in thousands of communities all over the country and you will find that the total expenditure will be infinitesimal and the results more permanent. Do not forget that these are merely loans and that the money will be paid back.

This Government has had enough experience with individuals and organizations receiving loans to have every confidence in the ability and the willingness of the recipient to repay these loans. The American people do not want charity.

My measure is in line with the reconstructive program of this administration. The job that is before us is far more important than the job which we undertook 2 years ago, for today we must cement solidly together the bricks of this new-deal edifice and build a permanent structure as the basis of a revitalized American system. [Applause.]

Mr. WOLCOTT. Mr. Chairman, I yield 20 minutes to the gentleman from Minnesota [Mr. BUCKLER].

Mr. BUCKLER of Minnesota. Mr. Chairman, it gives me quite a little pleasure to appear before you here this afternoon, but I think I would have been better satisfied if we had had a little larger audience. There are quite a number who do not seem to be here this afternoon, and I am pretty sure that what I may say will not have very much effect and will probably be like pouring water on a duck's back to drown it.

When this banking question is raised I feel it is my duty to say a few words concerning the banking system, because the farmers have suffered untold losses and misery through the banking arrangements under the Federal Reserve System. Being a farmer myself, perhaps I do not have as much knowledge of the present bill as some others. For a long time I thought perhaps I was the only farmer in Congress, but I have found three or four in the last few weeks besides myself. When I was a young man, and for quite a while after, I thought a Congressman was some super individual, created with all the knowledge almost in the universe; but when I found out that previous Congresses had turned over the control of the money and credit of this Nation to a bunch of individual bankers I changed my mind. I do not know what this Congress intends to do about it.

I expect to support this bill now before us, but I say at the outset that it is not exactly to my liking, because I think the Government should take over the Federal Reserve Banking System and control the money and credit of this Nation instead of leaving it in the hands of the present Federal Reserve System.

This bill perhaps goes part way, but you will never have a real money system until you take the money and credits out of the hands of the Wall Street bankers and put it into the Government where it belongs, so that it can be administered for all the people and not for just a few as it has been in the past.

There is no doubt that when President Wilson directed the passage of the Federal Reserve Act, it was done with the intention of benefiting the people. I think the President was honest and sincere; but it has been changed at different times, and it has got into the hands of the big bankers until they control it for their own interests instead of in the interests of the people.

I might say the Federal Reserve banks, as you all know, are owned and controlled by the big bankers of this Nation. The small bankers do not have very much interest in the Federal Reserve System. When the Federal Reserve Board in 1920 broke the farmers, they broke the country bankers of this Nation as well. During the war they inflated the currency. In some instances they issued currency. The country bankers and the big bankers inflated the currency by giving some fellow a check book and loaning him a few thousand dollars. We have been talking about fiat money. We hear a great deal of that when it comes from the big bankers of this Nation. I would like to know what is more fiat than a check book with a credit of $1,000 and only $100 back of it.

Up in my country we paid 10-percent interest up until 1923 when the State legislature passed my bill which reduced it to 8 percent. It was an inducement to the bankers to loan the money when they could get 10-percent interest. Most of it was credit that belonged to the people. So I say the time will come, Mr. Chairman, when a man who runs a bank in this Nation will have to have money instead of credit. Why is it necessary to issue bonds and pay some big bankers interest on the bonds and then print money and hand it over to the bankers and let them loan it to the farmer when the Government itself could print and issue the money direct and save the interest charges on the bonds. If the bonds are good then the currency is good. You are not going to pass legislation of that kind in this session, but it is coming. Perhaps I would not have been down here if it had not been for something like this legislation which the people are demanding. Perhaps they will send more progressive men down here because they are going to have legislation for the benefit of the people.

In 1920, after they inflated the currency to win the war, it was all right, but what did they do in the fall of 1920 when this same Federal Reserve bank took the money out of circulation, pulled it out of the agricultural districts, and purposely broke the farmers of this Nation. Our wheat was worth $2 a bushel and in 6 months it went down to $1 a bushel, and in a few years it went down to 30 or 40 cents a bushel. They not only broke the farmers, but they broke the small bankers of this Nation. What do these Federal Reserve banks and big banks in Wall Street care about the small banks throughout the country? No more than they cared for the farmer in 1920. They did it because they want the chain system. The gentleman from North Dakota [Mr. BURDICK], told you about the chain system that started in Minneapolis and went through the Northwest. That is what they wanted. They are the ones who caused the panic in 1920. They broke the farmer. About 2,000,000 farmers have lost their farms since this thing was pulled off. Millions have lost their homes, many of them are old people. I know old people who had worked all their lives and thought they had laid up something for a rainy day. Today where are they? Thrown out of their homes; no place to go; nothing to look forward to except the poorhouse and the grave.

Now, do you want a system like that? If you do, go on with the old Federal Reserve System which you have got now. You will have a panic every few years. They get people to go ahead and build homes, and then they take them away from them like they have been doing for generations. That is the system we have been working under. People have been doing business on credit. These debts cost perhaps a billion dollars interest a year, and for the benefit of whom? Just a few racketeers down there on Wall Street. Talk about pirates! Those pirates in Wall Street are worse than any pirate who ever roamed the seas. [Applause.]

So I say we have to take the control of money out of the hands of the Shylocks and get it back in the hands of the Government.

Talk about loaning money to industry! The gentleman who just preceded me made a very good speech, but it will not help to loan money to industry or anybody else until you get the farmers on their feet, because you cannot get out of this condition you are in unless you do help agriculture. I voted for the $5,000,000,000 and I will vote for $5,000,000,000 more when people are hungry, but when you spend that, and if you have not gotten the farmers back on their feet, you will be right where you were before.

Mr. CAVICCHIA. Will the gentleman yield?

Mr. BUCKLER of Minnesota. I yield; yes.

Mr. CAVICCHIA. Of course, the gentleman knows we all sympathize with the farmers, but will the gentleman give a clear picture of the industrial East, where hundreds of thousands of men are walking the streets, looking for work, and cannot get it and are living on relief. Would it not be well if industry could get loans and let those people go to work, and then your farmers can sell their products at good prices?

Mr. BUCKLER of Minnesota. I say the gentleman made a good speech and agree with him and sympathize with the laboring people, but we should start with the farmer. When you start with the farmer and give him a price for his produce then he will buy what you manufacture. You cannot sell it unless the farmer gets so he can buy.

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. BUCKLER of Minnesota. I yield.

Mr. MARTIN of Colorado. I am with the gentleman in every word he says, I understand his language; but in my judgment the main trouble with the farmers of this country is that they are not organized. In my district labor is organized, the veterans are organized, the Townsend people are organized, other groups are organized, but the farmers are not organized. Oh, they have two or three organizations, but they do not represent anything, they do not get any cooperation or concerted action whatever. The consequence is that the majority of the farmers of the West for the last 60 years have been voting for the political party that invented and fastened this monetary system on them and which keeps it on them.

Mr. BUCKLER of Minnesota. I think there is a great deal of truth in what the gentleman says. I shall tell you a story which I think will illustrate the gentleman's point and his complaint of lack of organization on the part of the farmers. The story has to do with a couple of farmers, and if ever there were slaves it is the farmer and the farmer's wife; but these two farmers had managed to get away a day for a picnic and they went to a lake for a little recreation. They got a boat and went out on the water. Their names were Mike and Ole. The boat tipped over and Ole fell out and into the water. Ole went down and when he came up, Mike grabbed him by the hair; it was a wig and it came off. Mike threw it into the boat. Ole went down and came up the second time and Mike grabbed him by the arm, that was wooden and it came off. Mike threw it into the boat. Ole went down and came up for the third time. Make then grabbed one of Ole's legs and this was wooden, too, and it came off and Mike threw it into the boat. Ole went down and came up again hollering "help! help!" and Mike said, "How the hell can I help you if you don't stick together?" [Laughter.] So, how can we help the farmer if they do not stick together? [Applause.]

Ever since the days of William Jennings Bryan I have been trying to get the farmers in my country to organize and have been arguing for 16 to 1. Those were fighting days; if you said anything against Bryan, you just got knocked over, that is all. I have been fighting ever since to get the farmers to organize and get some benefits for themselves. I have heard talk about the monetary system since the days of Bryan and I probably heard something about it before, but not very much. [Laughter.] Anyhow, this system has been operating for years. I shall tell you another incident; it is true. I tell it to illustrate the plight of the laboring man and the farmer who have produced the wealth of this Nation but who have been robbed by this system. I was standing on a street corner in Minneapolis—not my city, I am a farmer, I live out in the country where we get plenty of air, but that is all we do get [laughter]—standing on a street corner. This story could be duplicated in any city in the country. Standing on the street corner in Minneapolis one day I saw a laboring man come along. He had his family with him, his wife and little children, half fed and half clothed. Standing on the same street corner I saw a farmer come along with a little old Ford, an old tin Lizzie, his family half clothed. Standing on the same street corner I saw a limousine, owned by a man who belonged to the class that have been robbing us farmers and the laboring men all these years. A Negro coachman sat by the chauffeur in front. On the back seat was a lady and beside her a little poodle dog. [Laughter.]

This poodle dog was given more care than is given to the families of the laboring people and the farmers of this Nation. The difference in the welfare of these people comes about by reason of the monetary system we have been tolerating all these years. Maybe it would not be so bad to have a poodle dog riding in the back seat except for the fact that you can go out to the graveyard—perhaps you have got them in New York—where the poodle dog is buried, you will see a stone that stands 3 feet high, while over in any city graveyard you can see acres and acres where the laboring people lie beneath the sod with little stones 12 or 14 inches high—acres and acres of them—poor people who have been robbed by this monetary system. And you can go to the country and find lonely graveyards where some of the farmers have buried their families with nothing to mark the grave except a wooden slab.

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. BUCKLER of Minnesota. I yield.

Mr. MARTIN of Colorado. The gentleman stated that the laboring man is interested in this legislation. He may be involved in it but I question whether he is interested in it. One of the troubles with organized labor is that they are not interested in this kind of legislation. They do not give a snap about any banking system or monetary system; they are chiefly interested in hours, wages, working conditions, and things like that.

Mr. BUCKLER of Minnesota. They have to live, however. I appreciate the force of what the gentleman has said, but there are differences of opinion on the subject. Perhaps they are not interested in the money question but they should be.

Mr. MARTIN of Colorado. I have been a member of organized labor for 45 years, so I am speaking with knowledge of them as well as of the farmer. That is one thing they are not interested in nearly as much as they should be.

Mr. BUCKLER of Minnesota. Of course, that is true.

Mr. DUFFEY of Ohio. Mr. Chairman, will the gentleman yield.

Mr. BUCKLER of Minnesota. I yield.

Mr. DUFFEY of Ohio. How far is Minneapolis from St. Paul?

Mr. BUCKLER of Minnesota. They adjoin; the city limits come together so they are practically one city. I do not know whether St. Paul has a graveyard where they bury poodles or not; they probably take them over to Minneapolis. [Laughter.]

Mr. THOM. Mr. Chairman, will the gentleman yield?

Mr. BUCKLER of Minnesota. I yield.

Mr. THOM. How do the lawyers get along out in Minnesota?

Mr. BUCKLER of Minnesota. Most of them are starved out. They finally have come around. They used to fight us farmers but they have come around now and are quite decent. You know the quickest way to a man's heart is through his stomach or his pocketbook and they both have been empty, so the lawyers are not so bad.

Mr. TRUAX. Will the gentleman yield?

Mr. BUCKLER of Minnesota. I yield to the gentleman from Ohio.

Mr. TRUAX. They are always pretty glad when they can close out the farmers and sell their property.

Mr. BUCKLER of Minnesota. Yes. Of course, you cannot blame them for that. They are broke, too, and if they get a chance to make a few hundred dollars they will close out a farmer and take away his property.

Mr. Chairman, we have a serious situation in this country at the present time. There is no question about that. Since I have been down here I have become rather disgusted. You know, my people sent me down here with the statement: "Go down there and please do something for us quick." When I started down here I thought everybody would be in the same frame of mind as I was, but I found that this was not the case. [Laughter.] I used to draw a little water in the State Senate and was successful in passing a few bills, but the only thing I have been able to draw here is a little hell from the gentleman from Arkansas. [Laughter.] You know, there is an old saying that one would rather be a big toad in a small puddle than a small toad in a big puddle.

[Here the gavel fell.]

Mr. GOLDSBOROUGH. I yield the gentleman 5 additional minutes.

Mr. BUCKLER of Minnesota. Mr. Chairman, the Federal Reserve Board some time back broke the farmers, but there was another class of men that they had not got to yet. So in 1929 they deflated the currency and trimmed up all of these lawyers and business men as well. They broke them, too. At that time they took about $20,000,000,000 out of their pockets and now the money crowd has it all. You may have a little change left, but that is all. It is kind of good to come down here to Congress, where you draw a salary. Sometimes I think we should be ashamed to take it for what little we are doing down here. [Laughter.]

Mr. Chairman, we have to take this country out of the hands of the money changers. I think if you would take a bunch of schoolboys and let them read up a bit they would do better than we are doing down here in Congress. I am going to support this bill, although it does not go as far as I should like it to go. There has been some mention of putting an amendment on this bill to put the small State banks under the act. I ask you to leave the small State banks out for a while until we see how this Board goes. We know what this old Board did to those banks that were under it some time back.

Let us see how this is going to work out. If this Board is going to be no better than the one we had before, perhaps the State banks will not want to come under the System.

Mr. Chairman, this bill could be made a lot better if such amendments were adopted as will be offered, I understand, by the gentleman from Maryland [Mr. GOLDSBOROUGH], and the gentleman from Texas [Mr. CROSS]. Those gentlemen know how to do it. The gentleman from Texas [Mr. CROSS] made the best speech yesterday that I ever heard. He told the Members the truth about this situation. Are you going to listen?

A Member spoke yesterday about Liberty bonds and mentioned the fact in his address that he had to sell his Liberty bonds for $80 on the $100. I told you of two instances where the people have been robbed, and here is another one. The same crowd did that. They bought your Liberty bonds. You had to buy them and then those fellows pulled off a panic and bought your Liberty bonds for $80 on the $100 and made millions and millions of dollars out of the transactions.

That crowd has all the money, so that there is not enough left to quarrel about. There are more debts today than the property would bring if it were sold. There are something like two hundred and fifty or two hundred and seventy-five billion dollars of debts, and there is only about $200,000,000,000 to be realized if the property was sold for what it was worth a few years ago. If you sold it now you would not get half this amount. I have a farm that was worth about $100 an acre and today you could not sell it for $25 an acre. These farmers had farms worth $100 or $125 an acre with a mortgage of $25 or $30 an acre on the farm. This money crowd ran the value down to the amount of the mortgage, then they took the farm. What about the $50 or $75 an acre that the farmer had in it? How about these farmers' wives who get up at 5 o'clock in the morning and work all day long until 9, 10, or 11 o'clock at night, trying to keep their family half clothed and half fed? Talk about freeing the Negroes back in the Civil War days! Why do not you get busy and free these farmers and their wives? There are enough of us here to do something if we would only work. I say if there is any slavery in the United States today it is the farmers' wives. [Applause.]

I wish I had some of the Members out on my farm. I think about 30 days would cure you. There are about 150 signers on the petition to bring up the Frazier-Lemke bill. That does the same thing for the farmers that you are doing for Wall Street; yet there are only about 150 signers out of a Membership of 435. If I could get you out on my farm, getting up at 5 o'clock and doing all the chores, it would be different. [Applause.]

[Here the gavel fell.]

Mr. HOLLISTER. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. BUCKLER of Minnesota. Mr. Chairman, as I started to say, if I had these Members out on my farm or some other farm, the situation would be different. They would get up at 5 o'clock in the morning, go out and feed and tend the horses and milk 8 or 10 cows. Then they would eat a little bit of breakfast, go out to the field, stay until 12, come back and eat a bite, and then go out about 1 o'clock and stay until 6. Then tend the horses, feed the cows, and what not, then get a little bit to eat and go out about 9 o'clock and milk 10 cows and get the milk separated. And then, in addition to all this, you would go out and probably find a new-born calf. [Laughter.] You would put it in a pen, get a pail of milk in one hand and the calf's nose in the other and try to feed it while 5 or 6 other calves were stepping on your toes and sucking your coat. [Laughter.] I believe about 30 days of that kind of life would be sufficient, and you would be signing the petition for the Frazier-Lemke bill.

If that is not enough, you might feed these calves a couple of years, take them to town, get yourself all tired out and wet with sweat handling them, and then sell them and get $10 to $15 per head. Hungry, you then go down to a restaurant with an appetite and see the people sitting there eating porterhouse steak while you have to crawl up on a stool and ask for liver. [Laughter.] That would undoubtedly fix you and you would be up here signing this petition by that time. Why do not you come up here and sign this petition for the Lemke bill and let the farmers have this cheap money instead of turning it over to Wall Street?

Mr. TRUAX. Mr. Chairman, will the gentleman yield?

Mr. BUCKLER of Minnesota. Yes.

Mr. TRUAX. The gentleman has asked a very vital, pertinent question. Last year we secured 145 signers to the Lemke petition, but we were not given an opportunity to vote on that bill. There are some Members of Congress who do not want you to vote on that bill because it will do as you say—it will do for the farmers what we have already done for the Wall Street bankers and the banking crooks of the country.

Mr. BUCKLER of Minnesota. Yes; I thank the gentleman. That is true and I would like to ask the members of the committee who have this bill to send it out here and let us Members vote on it. The people back home want you to vote on it. If you want to vote against it, all right, but bring it out here and let us have a vote on it. My people are writing me every day about it.

Some people here have said a great deal about the processing tax. The processing tax was not my way of doing it to start with, but we have got the processing tax. My friends over on the other side here are good fellows. I sit over there with them. Of course, I am in a kind of Cherokee Strip and I do not know which side I belong on. I am a Farmer-Laborite myself.

Now, they want to take off the processing tax. I remember 2 years ago when we farmers were selling wheat in my neighborhood for 30 cents a bushel, hogs for 1 cent or one cent and a half, and the railroads would make you pay a little extra money for the freight if you shipped a cow to market, the cow wouldn't even bring enough to pay the freight.

I never heard them then say anything about the poor farmer, when he was giving his stuff away, selling it far below cost. The processing tax is increasing the amount the farmer receives and you people in the East cannot live unless we live and get started and are able to buy your manufactured goods. It was not my way of doing it, but we have got it and let us stick to it now that we have it until we get something better.

However, what this Congress could do is this. This Congress could take off the processing tax and give us a minimum price which should be cost of production plus a small profit for what is consumed in the United States and there are bills here to that effect. This would cure all this hollering about the processing tax. Give us a minimum price, cost of production, and I have no objection to your regulating the acreage, if you want to.

Then there is another bunch of fellows, besides the big bankers, who are keeping the farmers down and they are this chamber-of-commerce and board-of-trade bunch of buzzards that have picked the farmers. [Applause.] They pick him even before he has his grain cut.

Mr. HOLLISTER. Mr. Chairman, will the gentleman yield?

Mr. BUCKLER of Minnesota. Yes.

Mr. HOLLISTER. I just want to ask the gentleman if the Blue Eagle belongs in the same class of buzzards to which he is referring?

Mr. BUCKLER of Minnesota. I do not know whether it would be hard to tell a Blue Eagle from a buzzard or not. Some people do not like the Blue Eagle. I do not know whether I like him or not. I have not had much acquaintance with him, but I have had some acquaintance with these buzzards I spoke about, because before you can get your grain cut these fellows will sell your crop and they will not only sell your crop but they will sell 10 times what you have raised. A bear can outdo a bull any time when he has the money back of him.

All they sell is wind, and the bull has got to pay for the grain. So I say there is another thing we can do. Why not put these fellows out of business? We farmers have kept these fellows long enough and they are of no use to us. Put them on the soup lines as they have put a lot of farmers on the soup lines.

Now, I have taken up a lot of your time. I could go on here for hours if I attempted to tell you all the farmer's troubles, but I want to thank you for your patience, and I hope you will get busy and do something for the farmers. If you do not do something, you may not come back, because they sent you down here to do something for them. [Laughter and applause.]

I thank you.

Mr. GOLDSBOROUGH. Mr. Chairman, I yield 15 minutes to the gentleman from Illinois [Mr. IGOE].

Mr. IGOE. Mr. Chairman, I should like to take the present opportunity of discussing the history, aims, and accomplishments of the Federal Deposit Insurance Corporation which has suggested some of the proposed amendments that we are now considering. I shall be brief and to the point.

It will be recalled that the Federal Deposit Insurance Corporation was created by the Banking Act of 1933, which was signed by President Roosevelt on June 16 of that year. Even those who were not Members of this House at that time will recall that something had to be done to revive the prostrate banking system after its collapse in February of 1933, when it ceased completely to function as a result of the banking holiday proclaimed by President Roosevelt on March 6th. I shall not dwell upon the condition of the country and the state of mind of our people in that dark hour. I think it is sufficient for my present purposes merely to say that catastrophe and ruin were averted by the President's historic reassurance to the country in his now-famous and celebrated fireside broadcast, and by the brilliant and timely conception and introduction of the legislation providing for the Federal insurance of bank deposits.

To my mind the administration and the country have every reason to be proud and thankful that the Federal Deposit Insurance Corporation has been so successful in accomplishing its primary objects of restoring the confidence of the people in banks and of rebuilding the entire banking structure. Here is an agency which has done its job without fanfare or the blowing of trumpets. It has dispelled the fear that gripped the Nation's depositors. It has helped to strengthen and remake a banking system that had crumpled and failed. It has won the respect of bankers in rural communities and business centers as well. In a word, it has done a gigantic task in a superb manner. Its efficacy as an agency of recovery is well attested by the regular reports received in Washington from State directors of the National Emergency Council. These reports represent an unbiased cross-section of public opinion in the States. A summary of those submitted for the month of March reveals that in no State has an unfavorable reaction to the Federal Deposit Insurance Corporation been noticed. Thirty-five State directors report definitely favorable reactions, many of them saying that the corporation is generally considered the most universally beneficial of the recovery measures.

I should like at this point to extend my remarks in the RECORD by reading in the text of the reports to which I have just referred.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The matter referred to is as follows:

SUMMARY OF PUBLIC OPINION CONCERNING FEDERAL DEPOSIT INSURANCE CORPORATION

ALABAMA

Never any criticism of this activity. Stands highest in public opinion of all emergency measures; has restored confidence in banks and resulted in greatly increased deposits.

ARIZONA

Apparently public very favorable to F. D. I. C. This agency has restored confidence in all banks and undoubtedly exerted considerable influence in abolishing hoarding on the part of the people who had previously felt that banks were unsafe and that they should keep their money in cash at home. Every bank in this State except one is a member. Information at hand indicates that the citizens of the district where this bank is located are very dissatisfied and are not depositing their funds in this bank due to the fact that it does not have deposit insurance. Considerable interest expressed by public in the announcement that deposits in building-and-loan associations might be insured. General summary would be that the public is very much interested in continuation of deposit insurance and that it is a very determining factor in restoring and maintaining confidence in the banking institutions.

ARKANSAS

Representative bankers advise that public reaction to F. D. I. C. is 100 percent favorable. Great majority of bankers also favorable, but believe present limit might wisely be reduced to $2,500. Two bankers state they are strongly opposed to plan in principle. None interviewed has ever heard criticism of insured deposits by customers.

CALIFORNIA

Public opinion strongly back of Federal Deposit Insurance Corporation, despite objections of some larger banks to pay premiums.

COLORADO

Public opinion here practically unanimous in favor of F. D. I. C.

CONNECTICUT

Public seems entirely indifferent to present Federal deposit insurance law. Some 12 or 13 banks in Connecticut have not subscribed to plan and their deposits have not been affected. Some depositors inquired of their banks about this insurance when it became effective, but none has mentioned it to the Hartford banks in months. There is no demand here for increasing amount of insurance above five thousand, as 95 percent of all accounts are fully protected under present law. No Connecticut savings banks subscribed to plan because of adverse opinion of State attorney general. I can find no objection by saving-bank depositors. State director personally feels that the present $5,000 limit is sufficient in Connecticut. This State has been particularly fortunate in having very few bank failures.

DELAWARE

Due to the fact that no bank failures occurred in Delaware, the public has shown little interest in F. D. I. C. Contacts made are all favorable.

FLORIDA

Have contacted 20 various business houses. Everyone heartily endorses the F. D. I. C. Believe this sentiment universal in Florida.

GEORGIA

F. D. I. C. was welcomed by great mass of people. Has been important factor in restoring confidence in banks, particularly smaller institutions. Regarded by many as one of most constructive steps in present national administration. Increased savings deposits in many banks believed traceable to insurance plan. While activities not subject to general discussion now, individuals and business, especially smaller business, finding satisfaction in safety provided by its operation.

IDAHO

Deposit insurance remains the cornerstone of public confidence in banks. Bankers admit F. D. I. C. has produced solid public confidence in banks. Public opinion overwhelmingly favorable and confidence in banks remains solid with deposits increasing.

ILLINOIS

Report not received up to April 12, 1935.

INDIANA

Has restored confidence in banks.

IOWA

Public reaction to F. D. I. C. definitely favorable. Small depositor, which includes savings depositor, is very favorable to insurance of deposits. Best evidence of this is literally hundreds of cases reported to us of money taken from Postal Savings, from hoardings, and from larger banks in border States and deposited in Iowa banks after inception of F. D. I. C. There is some disposition to the belief that insurance is so satisfactory to the depositor that he does not seek other investments. It tends to restore confidence in the bank and thereby stabilize banking conditions and satisfies small depositor, who as a rule is the cause of runs on banks. Public is grateful and happy for benefits of F. D. I. C.

KANSAS

Banks now beginning to fully appreciate the value of this activity, with the result that an increasing number are subscribing. It has greatly increased confidence in financial institutions. However, many banks still remain without insurance.

KENTUCKY

Much appreciated by public generally. Resulted in growing increase of deposits in all banks. Smaller banks quite enthusiastic. Some larger institutions feel their independence, objecting to expense of operations. These objections made some months ago, but little protest at present time. Unquestionable demand for retention of act.

LOUISIANA

My opinion public reaction Federal Deposit Insurance Corporation present act should be made permanent. Adds stability and confidence in banks, decentralizes and distributes deposits, and eliminates the chance of run on banks from small depositors. Some bankers indifferent and feel their institutions command confidence without insurance feature. Small banks in country generally favorable to deposit insurance.

MAINE

Public sentiment favorable to F. D. I. C. Maine commercial banks favor this. State savings banks have centrally managed liquidity fund.

MARYLAND

Activities progressing quietly.

MASSACHUSETTS

Report not received up to April 12, 1935.

MICHIGAN

From every source I get only favorable public reaction to Federal Deposit Insurance Corporation. Belief quite general that this agency is reestablishing faith in banks. Increased deposits in Michigan banks best proof of renewed confidence.

MINNESOTA

Agency has done outstanding work, and 95 percent of banks in this State are insured. Public well-informed and very favorable toward this activity. Agency 100 percent efficient and popular with both public and banks. Exceedingly popular and has produced great public confidence in banks.

MISSISSIPPI

Public opinion appears entirely favorable to Federal protection.

MISSOURI

Reaction of public and State banking department to F. D. I. C. is universally favorable. Deposits substantially increased. More than 500 State banks have voluntarily come under F. D. I. C. and only 40 have not. Most of these 40 are small or family banks, and expense is deterring factor. The favorable public reaction is general over entire State and also the four-State area. It is recognized as an essential part of the banking system.

MONTANA

Has greatly restored confidence and receives almost unanimous acclaim.

NEBRASKA

Agency has made a fine record in this State, with a high percentage of deposits now insured.

NEVADA

After experience of last 3 years, when banks were blowing up like firecrackers in Nevada, depositors unequivocally approve deposit-insurance plan. They are not interested in howl of big banks who may have to carry premiums for some of their weaker brethren. They feel this latter will be an incentive to insist on good banking practices and will insure national supervision and inspection.

NEW HAMPSHIRE

About 1 out of 50 know anything about it. New Hampshire Bankers' Association reports public neither informed nor interested. Reaction nil.

NEW JERSEY

There is little comment concerning this agency, but it is believed that this activity has full public support.

NEW MEXICO

Have heard of no comments, either pro or con, in New Mexico.

NEW YORK

Public reaction to F. D. I. C. not wide-spread but generally favorable. Larger banks in Manhattan protest method of assessments, claiming only insurable amounts of deposits should be taxed. Otherwise not opposed, although unenthusiastic.

NORTH CAROLINA

General public reaction most favorable. Find in contacting number of bankers, who will eventually help mold public opinion, in vast majority think $5,000 coverage sufficient and favor definite premium sufficient to cover, but to be lowered if justified later. Majority favor premium on insured deposits only. Five thousand limit covers 95 percent depositors' banks this State.

NORTH DAKOTA

Public attitude and editorial comment uniformly favorable.

OHIO

Program has been exceptionally beneficial and remains least criticized of all emergency agencies.

OKLAHOMA

Public reaction reveals this is one Government program with which general public will go all the way. No derogatory comment to F. D. I. C. was made in interviews with large number of Oklahoma business men and individual depositors. Editors and newspaper-clipping bureaus report State-wide approval of program as reflected in press. Increased deposits indicative of restored confidence. Group 4 of Oklahoma Bankers' Association in convention at Ardmore yesterday passed resolution recommending titles I and III, Congressional Banking Act of 1935, and commending work of F. D. I. C. Group 5 in Tulsa today expected to pass similar resolution, according to secretary of association. These group meetings represent approximately 450 eastern Oklahoma bankers. State banking commission reports only two failures in State banks since inception of F. D. I. C. Continuance of F. D. I. C. under competent management felt essential to continued faith in banking system.

OREGON

Has produced desirable feeling of security of average citizen in his bank account.

PENNSYLVANIA

Has functioned very successfully and restored confidence. Has greatly strengthened banking system, although many small banks, due to limited capital, criticize the provision compelling them to join the Federal Reserve System by July 1, 1937, in order to maintain their insured status.

RHODE ISLAND

Banking situation here unusually strong; therefore, except for added confidence due to F. D. I. C., difficult to determine public reaction.

SOUTH CAROLINA

Has restored confidence in banks. Comment is frequently expressed that this program is one of most important in "new deal." Public has great faith in this activity.

SOUTH DAKOTA

Comment wholly favorable, with the exception of a very few bankers who are opposed to the principle of this activity.

TENNESSEE

Has restored public confidence in banks.

TEXAS

Well-staffed and functioning effectively.

UTAH

Public unanimously for F. D. I. C., although some bankers and financial interests remain skeptical.

VERMONT

Public reaction to F. D. I. C. quiet but favorable. About half the banks use their participation in their advertising. Bank public apparently take it as an accomplished fact and rely upon it, although not particularly outspoken in their comment.

VIRGINIA

Report not received up to April 12, 1935.

WASHINGTON

Has resulted in vastly improved banking conditions and a general increase in deposits, although need is seen for means to enforce provisions of F. D. I. C.

WEST VIRGINIA

Public reaction to F. D. I. C. quite sympathetic and deposit insurance has stimulated confidence in banking institutions. Deposits have materially increased. Bankers, however, are opposed to proposed amendments to existing law now pending in Congress.

WISCONSIN

Don't hear about it. Deposits on increase. Only through restatement of fact that money is in circulation do we know about its works. Banks favorable.

WYOMING

Banks noncooperative toward this activity.

Mr. IGOE. The first meeting of the directors of the Federal Deposit Insurance Corporation was held on September 11, 1933. At that time Mr. Walter J. Cummings, of Chicago, was chairman; Mr. E. G. Bennett, of Ogden, Utah, an associate of the present Governor of the Federal Reserve, was the Republican appointee; and Mr. J. F. T. O'Connor, Comptroller of the Currency, was the ex-officio member of the Board. The date is important because almost 8,000 banks which were not members of the Federal Reserve System had to be examined before January 1, 1934, in order for them to become entitled to the benefits of deposit insurance. On January 1, 1934, 12,617 banks with 52,750,000 insured accounts were members of the temporary Federal Deposit Insurance Fund. These banks had aggregate deposits of about $36,000,000,000, of which $15,000,000,000 were insurable under the provisions of the law. Of the total 12,617 banks, 6,754 were State banks not members of the Federal Reserve, 802 were State bank members, and 5,061 were national banks. No wonder President Roosevelt could thank Mr. Cummings upon his retirement in the early part of 1934 "for a big job well done."

When the present chairman, Mr. Leo T. Crowley, of Madison, Wis., succeeded Mr. Cummings in February 1934, confidence in banks had been largely restored, but there remained the task of putting those banks which were members of the fund in a condition which would minimize losses to the depositors and to the Corporation. This was necessary in view of the fact that banks could gain membership in the fund upon a mere showing of solvency, a test which events and experience have demonstrated is not sufficient protection either to the depositors or to the fund. Due to the fact that the first examinations of the banks were of necessity hasty and somewhat cursory, owing to the short time between the formation of the Corporation on September 11, 1933, and the time when the insurance of deposits went into effect, namely, January 1, 1934, it was imperative to reexamine many of the banks for the purpose of correcting unsound practices and restoring the impairment of capital which was found to exist in all too many banks. That many of the banks should be in a weakened and deplorable condition is not to be wondered at when it is recalled that from 1921 through 1932 almost 11,000 banks suspended, involving five billions of deposits. This represents an average of over 900 banks with deposits of over $400,000,000 suspending during every year of this period. This record presents a striking contrast to the experience during the first year of Federal deposit insurance. During 1934 only 57 licensed banks, with deposits of about $37,000,000, suspended operations. Of this number, 9 banks, with less than $2,000,000 of deposits, were insured.

My own State, Illinois, furnishes a good example of the improvement which has taken place. During this same period, 1921 through 1932, an average of 63 banks, with deposits of about $38,000,000, suspended. In 1934 only 2 licensed banks suspended, and their deposits totaled only $360,000.

This record bears strong witness to the success of the program of bank rehabilitation made necessary by the debacle of March 1933 and carried out by the Federal Deposit Insurance Corporation and the Reconstruction Finance Corporation during the past 15 months.

Fortunately for the country, Mr. Crowley perceived the impossibility of creating an insurance fund which would be large and strong enough merely to pay out losses. He and his associates pursued the rehabilitation program with a vigor and persistency worthy of emulation by all Government officials. The problem was to place the capital position of the banks upon a basis that bore a reasonable relation to the amount of their deposits. In other words, the deposit liability of the bank should not be grossly out of proportion to its unimpaired capital. The standard of $1 of unimpaired capital for every $10 of deposits was largely used in determining whether banks were safe risks for their depositors and the Corporation.

In order to establish this ratio it was necessary to get the needed capital either through local contributions or through the Reconstruction Finance Corporation. Up to December 31, 1934, 5,451 banks received additional capital amounting to $851,296,000. Of this number, 1,759 were national banks and 3,692 were State banks. The R. F. C. contributed $440,827,000 to the national banks and $410,469,000 to the State banks. Local contributions to State banks amounted to around $227,000,000, which includes a substantial proportion of deposits which were converted into stock and which may be considered in a certain sense as constituting local contributions. To my mind, these figures are eloquent evidence of the fine accomplishments of the F. D. I. C., the splendid cooperation of the R. F. C., and the practical patriotism of the local communities. It is no exaggeration to say that were it not for the united efforts of the governmental agencies and the sacrificing spirit of the stockholders and depositors the banking system of the United States would probably have collapsed and fallen to pieces. As is always the case, these magnificent results were not obtained without hard work and laborious negotiations. I think it is only fair to give credit to the officials and personnel of the F. D. I. C. for a great deal of the success of this rehabilitation program. It is largely through their efforts that the various State supervising authorities were persuaded to induce the officers and stockholders of the weaker banks to apply to the R. F. C. for needed capital or to raise the necessary funds through local contributions. Had it not been for the zeal and energy which the responsible authorities of the F. D. I. C. exhibited, little would have been done toward correcting the unhealthy condition which many of the banks were in.

The Corporation has done an equally good job in discharging its liabilities to depositors of closed banks. The contrast between the system which prevailed in the old general receiverships and that used by the Corporation is made very tangible and concrete by the fact that claims of depositors in the nine banks which closed during 1934 were paid on the average within 10 days after the Insurance Corporation took control of the banks' affairs. I have no doubt that many of you have personal knowledge and experience of cases where depositors under the old method did not receive all of their money for months and even years after the bank had closed its doors. The nine banks which closed had a total deposit liability of $1,900,000 and the insured liability of the Corporation totaled $950,000. As these banks are still being liquidated, it is impossible to tell what the eventual loss to the Corporation will be, but it is estimated that it will not be very large.

While the F. D. I. C. may not be as well known as some of the other new-deal agencies, you can get some idea of its size and importance and wide-spread influence when you consider the following facts:

On January 1, 1935, 14,212 banks were members of the Temporary Insurance Fund. There are only about 1,060 commercial banks in the whole United States which are not members. The membership is made up of the following classes of banks: 7,702 State nonmember banks, 5,462 national banks, 980 State member banks, and 68 mutual savings banks.

As of October 1, 1934, the last date for which these figures are available, 14,125 banks belonging to the fund had 51,250,000 depositors. Fifty million four hundred thousand depositors were fully insured. Only 800,000 were partly insured. The 14,125 banks had total deposits of over $37,000,000,000, of which $16,500,000,000 were insured. This tremendous financial liability of the Corporation is equal to more than half of the total debt of the United States Government.

For those of you who like percentages, 98.5 percent of all of the depositors were fully insured under the present $5,000 maximum limit. If the present limit were raised, the liability of the Corporation would be increased to almost $30,000,000,000, and such an undertaking would probably destroy the fund and provide additional coverage for only one out of every 100 additional depositors. Nine thousand nine hundred and sixty-eight banks have a ratio of insured to total deposits of 80 percent or over. This means that 69 percent of all of the insured banks are at least 80 percent insured. In this classification are 54 percent of the national banks, 44 percent of the State member banks, and 83 percent of the insured State nonmember banks.

Since June 30, 1934, the deposits of all the insured commercial banks and trust companies increased from $35,800,000,000 to $39,000,000,000, a rise of $3,200,000,000.

These facts and figures demonstrate that the F. D. I. C. plays an important part in the lives of almost half of the entire population of the country. Its influence is, or will be, felt not only in the great metropolitan centers, but also in the outlying and sparsely settled rural sections. It safeguards the deposit of the widow, the farmer, the laborer, the merchant, the manufacturer, and the investor. It has allayed fears of runs in Wall Street and has prevented the tragedies of bank closings in Main Street. If you have the best interests of bank depositors at heart, and I may say this Corporation has made it politically expedient for you to do so, and if you desire to have this Corporation continue to be a stabilizing and steadying influence in our banking system, you must give the Corporation the power it is seeking in the bill now pending. The surest way to defeat deposit insurance and to bring about another paralysis of our banking is to deny to the Corporation its right to examine banks before and after they are admitted to the Fund and to make it a mere disbursing agency without a voice in the supervision of going banks and the liquidation of closed banks. For myself, I intend to carry out the wishes of my constituents by doing everything within my power to increase the safety of their deposits and the soundness and efficiency of the F. D. I. C.

It is my firm conviction that an institution which has been as ably administered as the Federal Deposit Insurance Corporation and which has carried out the legislative intent so well and so faithfully deserves the approbation and encouragement of this body. I, therefore, trust that my fellow members will see fit to adopt the proposals the officials of the Federal Deposit Insurance Corporation have made in this bill as a result of their earnest study and consideration, seasoned as it is by over 15 months of first-hand experience of the operation and effect of the original law. I hope that this measure will receive the enthusiastic support not only of Members on this side of the House but also of our distinguished opponents. Insurance of deposits is neither partisan nor political. It is intimately connected with the economic and financial welfare of almost half of our population. It is truly a new deal for depositors and the country at large. It is for the large and small, the rich and poor, the townspeople and the country folk. It has been the salvation of our banking system. It must not be allowed to fail. [Applause.]

Mr. ARNOLD. Will the gentleman yield?

Mr. IGOE. I yield.

Mr. ARNOLD. Has the gentleman considered the advisability of limiting the deposit insurance to $5,000?

Mr. IGOE. That is where the limit should be placed.

Mr. ARNOLD. The gentleman thinks it should be placed at $5,000, rather than to have it regardless of the amount?

Mr. IGOE. I think it should not be increased beyond $5,000. I think that is the opinion of the people who have given study to this matter.

Mr. PIERCE. What reason can be given for limiting it to $5,000? Why should not the man who has $10,000 reap the benefit?

Mr. IGOE. There are many reasons. One is because the cost of the insurance would be much higher and those persons possessed of $10,000 are not as much in need of protection as those possessing $5,000 or less.

Mr. ARNOLD. Would it not have the effect of causing deposits to be invested in industrial activities rather than be piled up in the banks?

Mr. IGOE. That is true. [Applause.]

Mr. HOLLISTER. Mr. Chairman, I yield 20 minutes to the gentleman from Wisconsin [Mr. SAUTHOFF].

THE OMNIBUS BANKING BILL

Mr. SAUTHOFF. Mr. Chairman, I shall confine my remarks to only two aspects of the pending legislation, one relating to title I and the other to title II.

The first concerns the provision revised in the bill as originally introduced, requiring that State banks must join the Federal Reserve System by July 1, 1937, in order to be entitled to the benefits of deposit insurance. This provision, I am very happy to say, has been stricken by the committee. I sincerely trust that my colleagues will see fit to support the committee's action in this respect.

Wisconsin has traditionally and politically been an advocate of an independent banking system and the friend of the small banker. From the earliest days of its pioneers and settlers down to our times the liberty-loving Germans, Norwegians, Irish, Scotch, and Polish, together with Yankees from New England, led by men like Carl Schurz, Colonel Dodge, W. D. Hoard, Robert Marion La Follette, E. I. Kidd, John J. Blaine, and others, fought for a banking system which served the needs of the community. Had it not been for the jealous manner in which the banking system was guarded and kept free by these pioneers and leaders, the thriving communities which today dot the whole State of Wisconsin might never have come into being.

The small Wisconsin banker has played a major part in the development of the State's great dairy business, its diversified manufacturing enterprises, its wonderful system of schools and roads, its vast natural resources, its famed resorts and recreational sections. In a word, the small-town banker has helped to weave the very fiber and structure of the State's economic, educational, and everyday life. Hence it is that the people of Wisconsin have naturally come to take a genuine pride in the part that the independent banker has taken to advance the State to its present state of importance in our country.

For these and other reasons, I am opposed to the investiture of vast centralized institutions with complete domination and control of the credit needs of the community. Experience has demonstrated that large banks cannot and do not take the place of locally owned banks in smaller communities. The local banker, through his lifetime association with his fellow citizens and neighbors, is better able to appraise the needs and the credit risks of his customers than is a stranger sent in by a large bank to operate one of its branches. The relationship which exists between the local banker and his depositor is one that can never be achieved by outside interests.

While it is true that many of the smaller banks throughout the country and also in Wisconsin experienced great difficulties of one kind or another, nevertheless recent surveys have shown that the losses incurred by the smaller banks upon their loans were considerably less than those resulting from depreciation of their investments. To my mind, this is striking proof of the fact that the local banker is a good judge of the credit risk and needs of the people he serves. It is also an indictment of the large eastern banks and security houses, upon whom can be placed the responsibility of having filled the investment portfolios of many of our banks with securities of doubtful value.

No doubt most of you are familiar with the practice of large banking houses in the offering of securities to their country correspondents in the banking business. The offerings listed class A-1 securities, and other offerings listed class B securities. If the buyer took some class B offerings, he also got some of the choicer class A offerings. These securities were in turn sold by the country banker to his customers, and as a result the investing public absorbed huge blocks of class B securities. Like block-booking in the motion-picture industry, the country banker, and through him the investing public, were sold junk along with good investments. Another unethical trick worked by large banks and investment houses was to make a doubtful loan, because there was a fat commission in it, and then work it off on the public by means of a bond issue, a preferred-stock issue, or both. If the loan was large enough, it could be further diversified by different classes of stocks and bonds. This method of high finance reached its acme of perfection when the Napoleons of finance discovered that instead of floating one such financial set-up they could combine five or six of them, and top it all off with a holding company, which, in its turn, could also issue doubtful securities which could be and were secured by the class B securities of operating companies. What a saturnalia of financial debauchery resulted! The tragedy of it was the disillusionment of the investing public, its loss of confidence in bankers everywhere, its withdrawal of funds through fear, and the collapse of our entire banking system.

There are other reasons why the action of the committee in deleting the provision about compulsory membership in the Federal Reserve System should be supported. I think those of you who represent States which had to pass enabling legislation to permit your own banks to become members of the temporary deposit insurance fund will find that such legislation was passed upon the express understanding that the State banks would not have to go into the Federal Reserve System in order to obtain the insurance. I know that this was so in the case of my own State when, in 1933, the legislature amended our laws to permit the State banks of Wisconsin to qualify for membership in the deposit fund. It therefore seems to me that the question of the integrity and good faith of the Congress is involved. I think you will agree with me when I say that a large majority of the banks throughout the United States have supported the Federal insurance of deposits upon the assumption and understanding that they would not be forced or driven into the Federal Reserve System.

Mr. HANCOCK of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. SAUTHOFF. Yes.

Mr. HANCOCK of North Carolina. Does the gentleman take the position that membership in the Federal Reserve System should operate unit banking in the country?

Mr. SAUTHOFF. Not necessarily.

It is perfectly obvious that compulsory membership in the Federal Reserve System is the first step toward a unification of all of the banks in the country. It is equally obvious that once the State banks are corraled into the System they will soon lose their identity as State institutions. This means, of course, that their supervision and regulation would be taken away from the State authorities and vested in Washington. I am satisfied that very few, if any, of the several States are now ready to surrender this sovereign right of regulation to the Federal Government, and I, for one, am unalterably opposed to such a surrender of our rights.

December 31, 1934, there were 623 licensed banks in the State of Wisconsin. Six hundred and seven of these were insured. They were classified as follows: Four hundred and eighty-three were State banks not members of the Federal Reserve System, 106 were national banks, 13 were State bank members of the Federal Reserve System, and 5 were mutual savings banks. The fact that the Federal Reserve System has been in operation for about 22 years and has succeeded in getting only 13 State banks in Wisconsin to become members is positive proof that the people of the State do not want their banks to be forced into the System. I think the same sentiment exists throughout the rest of the country, since only a little over 900 State banks in the entire United States have become members of the Federal Reserve System since its inauguration in 1913.

There can be no doubt but that the Federal Deposit Insurance Corporation has done a good job and will become a permanent part of our financial and banking structure. For that reason I think the committee's action in doing away with the requirement of membership in the Federal Reserve System as a condition precedent to deposit insurance ought to be vigorously sustained. To impose onerous burdens as conditions precedent to obtaining the benefits of insurance seems to me to be short-sighted and inimical to the best interests and to the future well-being and development of the Federal Deposit Insurance Corporation. There appears to be grave danger that if we were to compel 7,000 or more State banks to join the Federal Reserve System before they could get their deposits insured, there might be such a united resistance to the whole proposition as would result in a virtual nullification of the beneficent purposes of insuring the money of the depositor. That is to say, if you make membership in the fund so burdensome and unattractive as to alienate more than half of the banks in the United States, you may find that the present plan of protecting the depositor would be a curse instead of a blessing.

Since the temporary insurance fund was started in January 1934, there has been a great increase in the deposits of the Wisconsin banks in keeping with the rise shown by banks in other States. I know from my own knowledge that the confidence of the people in the banks has been restored and there is no longer any of the fear that gripped the depositors in the dark days of 1933. Only two small banks which were members of the temporary fund failed in Wisconsin since January 1934. Depositors received their money from the Federal Deposit Insurance Corporation within 10 days after the banks had failed. This in itself is one of the strongest reasons for the enactment of the permanent law for the insurance of deposits since it demonstrates that when banks fail the savings and earnings of the depositors will not be tied up for months or even years as was sometimes the case. I am reliably informed that in the case of one of the Wisconsin banks which closed the Federal Deposit Insurance Corporation will effect a recovery of almost 75 percent. This is a remarkable performance and gives an accurate idea of how well the Corporation is discharging its obligations and accomplishing its purposes.

It must be remembered that the Corporation steps in as a receiver and takes over the assets of the defaulting bank and is subrogated to all claims of the defaulting bank. In this manner the Corporation is able to discharge quickly and without friction or difficulty its obligation as insurer to the public. Such subrogation, to all rights of the depositor is limited however, to the amount of the payment.

The banking system of Wisconsin was in a greatly weakened condition on account of the severe strains put upon it by the collapse of industry and prostration of agriculture. Today the entire banking structure has been so rebuilt and reconstructed that it is in perhaps a better condition than it has ever been. This has been accomplished by the spirit of loyalty and sacrifice of the stockholders of Wisconsin banks who, by their contributions, made possible the aid extended by the Reconstruction Finance Corporation. In this program of rehabilitation the Federal Deposit Insurance Corporation through the wise, the tactful, and withall, the efficient management of its chairman, Mr. Leo Crowley, who has at all times stood ready to aid and counsel and befriend, has been a tremendous help, as it was largely through the efforts of this organization and its chairman that the necessary negotiations were initiated and the requisite plans and reorganizations worked out. It is not too much to say that the teamwork displayed by the stockholders, the R. F. C., and the F. D. I. C. has resulted in making the Wisconsin banks sounder and their deposits safer than they have ever been since the first charter was issued.

Mr. HANCOCK of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. SAUTHOFF. Yes.

Mr. HANCOCK of North Carolina. Does not the gentleman believe that if all the banks in the country were in the Federal Reserve System it would be a great protection to the great Deposit Insurance Corporation?

Mr. SAUTHOFF. I do not want to enter into any debate about a unified banking system. I appreciate that there is an argument in favor of it, but I come from a rural race that believes in the independence of the individual and his right to work out and solve his own problems. I personally feel I do not want all the powers of the banks centralized right here in Washington.

Mr. HANCOCK of North Carolina. I fully respect the opinions held by the gentleman, which are contrary to mine, but I am wondering if he has had an opportunity to consider the additional advantages and the real benefits which the Federal Reserve System is now extending to nonmember banks under this bill.

Mr. SAUTHOFF. I, perhaps, am not as well or as thoroughly acquainted with them as the gentlemen of the committee, but I appreciate that a great deal has been done, and it has been a blessing that it has been done.

Mr. HANCOCK of North Carolina. I assume the gentleman also understands that under the proposed section 202, which was submitted to us by the Governor of the Federal Reserve Board, and had his approval, all qualifications for entrance or admission to the Federal Reserve System as of July 1, 1937, were being waived, and that any bank enjoying the benefits of the Federal Deposit Insurance Corporation would be eligible for membership in the Federal Reserve System.

Mr. SAUTHOFF. Which, of course, would mean that their qualifications have already been checked.

Mr. HANCOCK of North Carolina. That is correct.

Mr. SAUTHOFF. All right. I should like next to address myself to title II of the pending bill and more particularly to that provision which vests in the Federal Reserve Board the credit and monetary control.

I am not deluding myself with the vain and futile hope that this title will eliminate depressions, nor do I feel that Government control is perfect, and, that therefore, if we pass this measure, our financial ills will be over. In fact I am exceedingly skeptical of title II. If it were possible to pass titles I and III, without title II, I should be in favor of such a movement. If, however, we must take title II in order to secure titles I and III, then I shall vote for it. But I shall do so with my eyes open and the knowledge that the future is by no means financially secure. In any event, bankers' control has been a failure, and I am prepared to support a policy which deprives them of control in the future. I believe that one of the inherent powers of any Government is the right to control its monetary system.

I am not unmindful of the fact that governments are made up of human beings, and that human beings means the human equations. The human equation is not perfect and must always sooner or later produce mistakes. These mistakes, when made with money and banking, affect millions of lives and result in untold agony and misery. Yet, how is it possible to set up any control without the human equation? We must use somebody and in the face of our experience in the not far distant past, I prefer to trust the Government rather than to place any more reliance on selfish and grasping market manipulators, who passed themselves off on society as bankers and investment brokers.

Far too long have we suffered from the domination and control of Wall Street. We have had enough of the type of control exercised by the big bankers. It is high time the Mitchells, the Wiggins, and the other pirates of finance were driven from the temple. We must release the fingers of the financial giants from the credit pulse of the Nation. There must be no repetition of the damnable practice of the banks loaning depositors money to feed the fires of speculation. We must have men in control of our credit requirements who will not be so blinded by selfish interests that they cannot read the handwriting upon the wall of impending disaster. The flow of credit must be so regulated and supervised that the small business man will be able to get his share. Stringency in the money market must not be manipulated to the advantage of the few and the detriment of the many. Vesting control in the Federal Reserve Board of the credit and monetary forces of the country has been long overdue. The blessings of a free government can never be achieved by the present system of domination by private banking. Private banking has had a fair trial; it has been weighed in the balance and found wanting. Private bankers cannot now complain if by their conduct they have forfeited all rights to our confidence and our trust.

I well recall back in 1912 when we campaigned—and I was one of them—for the present Federal Reserve System.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. HOLLISTER. Mr. Chairman, I yield the gentleman 5 minutes more.

Mr. SAUTHOFF. We were quite enthusiastic that depressions had been solved and that financial ills were a thing of the past; that from then on we would never again experience a depression. I have learned since by not only general experience, but my own bitter personal experience that that was not true, and so I am somewhat skeptical about the present cure for future ills in the financial world.

Mr. KENNEY. Mr. Chairman, will the gentleman yield?

Mr. SAUTHOFF. Yes.

Mr. KENNEY. Does the gentleman know why the Democratic platform of 1912 declared against a central bank?

Mr. SAUTHOFF. I do not.

Mr. MARTIN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. SAUTHOFF. Yes.

Mr. MARTIN of Colorado. Do I understand the gentleman to be criticizing the bill upon the ground that title II does not take control of the monetary system and credit policy away from the bankers and vest it in a Government agency?

Mr. SAUTHOFF. I am only too glad that it is being taken away from the bankers.

Mr. MARTIN of Colorado. I understood the gentleman a moment ago to be criticizing title II of the bill upon the ground that it did not do that.

Mr. SAUTHOFF. Perhaps I did not make myself clear. The thing I wanted to point out was that the old system relied on human control. The present system will rely on human control. Now, if it comes to which humans I must trust, I prefer the Government 100 percent to the bankers who have had it and have failed so miserably in their control.

But I appreciate this fact, and I think the gentlemen of the committee will agree with me that if you are going to attempt to stabilize and regulate you have these so-called "controls" to be exercised by a central banking system. That is the open-market manipulations, the discount rate, and so on. Rather than putting it all in the control of the Government or whatever party is in office, because I have no feeling about it politically, I would be perfectly willing to trust the present President with it; I would rather have it so diversified in its personnel that it could not be all one thing, let us say, all of the majority party, such as it is now all of a certain class of bankers. I would rather have diversification so that there would be a check one on the other.

Mr. MARTIN of Colorado. I know the gentleman has been here like myself attentively throughout the debates. The gentleman has heard this title II very severely criticized by speakers on the minority side on the ground that it did transfer control over the monetary system of the country from a private to a governmental agency. I was rather disturbed by what the gentleman said a few moments ago, which indicated the thought in his mind, that there was not any change whatever made in that control, and on that ground he was not favorable to title II of the bill. I may have misunderstood the gentleman.

Mr. SAUTHOFF. I will tell the gentleman that I will go along on any proposition that will take it out of the hands of those who now and have in the past had control of it. The gentleman and I see alike on that point.

Mr. MARTIN of Colorado. I will say to the gentleman I am one on the majority side of the House who always listens to the gentleman and has a very high regard for his views and judgment.

Mr. SAUTHOFF. I thank the gentleman. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. STEAGALL. Mr. Chairman, I yield such time as he may desire to the gentleman from North Carolina [Mr. HANCOCK].

Mr. HANCOCK of North Carolina. Mr. Chairman, ladies, and gentlemen of the Committee, I am not appearing before you again merely for the purpose of making a speech. As you well know, I was interrupted so much day before yesterday in my humble effort to discuss the major proposals in title II of this bill that I did not have an opportunity to fully complete my exposition. Again, I want to emphasize that the heart of title II, and the outstanding major objective to be accomplished through this legislation, is the complete centralization of the responsibility and authority for control over the volume of our money in a central body, the Federal Reserve Board, charged with the public interest. Without this legislation it is almost futile to attempt any fundamental changes in our present haphazard, confused, and inequitable economic system. Selfishness in human nature will never be voluntarily eradicated. The weaknesses and frailties of man are here to stay. In supporting this great humanitarian and constructive legislation I do not make the claim that through its operations we will reach the millennium in government. It will probably do as much toward that ultimate end as any law of man could do. True, it is revolutionary, though it is not a new step in the conception of the duty of a central government. I have for more than 2 years contended, privately and publicly, that the policies of the new deal would rise but to fall again unless a governmental agency, through the power of Congress, initiated and operated the monetary policies of the Nation. In the light of changing economic conditions and the attitude of the people in their demands for more effective economic protection and security, nothing that we may do here will have any permanent beneficial effect unless there is control of the "lifeblood" for the public interest. Though we should continue to carry on our financial operations through the banking system, except where it can be done legitimately without resorting to borrowing, I think we should not forget that the power to issue money and regulate its value is the sole prerogative of Congress. I mean it belongs to society. We should therefore never feel an utter dependence upon private banking. Frankness compels me to state that the fault heretofore has not been in the stars or altogether in the perfectly human bankers, but in ourselves, that we are underlings.

To my thinking, this bill marks the most forward step in liberal government ever taken by this country. It is the most important banking and monetary-policy legislation that has been presented to Congress since the Civil War. If the goal placed before the Federal Reserve Board, as provided in the bill, is attainable within the scope of monetary action and credit administration, we may reasonably expect an improved and more righteous economic system in America. No sane person with a semblance of knowledge of these matters would, however, claim that all of our troubles, inequalities, and dislocations can be cured through monetary action. So far as the creation of business activities, with resultant profits, is concerned, money must be kept in useful circulation. Under our system money is created by debts, and only by spending can there be any income. Its effectiveness, of course, is dependent upon the speed with which it moves, as well as the amount involved.

All of us now realize that in a capitalistic economy unemployment will always be with us unless there is from now on a more equitable distribution of the Nation's production wealth. This should be progressive, and its success will depend on other factors coordinated with monetary policies.

I am sure that you will be interested to know that the last report of the Brookings Institute for the year 1929, giving the figures of the distribution of the national income, shows that one-tenth of 1 percent of the families at the top of the list received as much income as 42 percent of the families at the bottom of the list; or, translated differently, the average income per family at the top was equivalent to the average income of 420 families at the bottom. In the same connection it might also be interesting to you to know that the report of the Bureau of Economics of the Department of Commerce shows the startling information that in the same year, 1929, more than 68 percent of the American families had a gross income of less than $1,500.

Some of my good friends on the other side of the Chamber have missed no opportunity during the debate on this bill to criticise the Government's spending program. Unless private business is willing to spend, and it will not unless there is a reasonable opportunity for profit in sight, what else can a Government do under its obligation to protect the people against the ravages of destitution and starvation? Who is there among us who would criticize the Government that provided food for his own children when the cupboard was bare and there was no work to be found? Who is there with a conscience in his soul and a spark of humanity in his heart who would balance a budget at the expense of starving children? With all this criticism, no small portion of which comes from partisan minds, the recent report of the Treasury Department showing that the regular Budget of the Government was balanced for the first time in 5 years, could hardly make for them pleasant reading. To us on this side, however, it was, considering the difficult problem facing the Treasury Department, a pleasant and agreeable surprise and but confirmed our faith in the splendid financial leadership of this administration. It is true that our extraordinary budget shows nothing but a big deficit in dollars and cents, but translated into the saving and rehabilitation of human lives and the production of faith and happiness it would show a permanent surplus and tell another story. It should be highly gratifying to those of us who believe in the purposes of the new deal that, notwithstanding the increase in the national debt from twenty billions at the beginning of the administration to approximately thirty billions today, the present aggregate cost of carrying this increased debt is less than the cost was in carrying the $20,000,000,000 debt which we inherited from the Hoover administration. The sound and effective operations of the Treasury Department, together with the increased faith and confidence on the part of investors in our Government securities, has resulted in a reduction in the interest rate on bonds of more than 1½ percent per annum.

Now, may I conclude by giving you my opinion as to the benefits which are likely to accrue to the American people as a result of the passage of this bill and other financial measures which have been enacted into law during the Roosevelt administration?

The extreme cyclical periods of booms and depressions should be avoided. Though normal fluctuations will inevitably occur from time to time in prices, trade and business, the piratical, gyrating dollar of the past quarter of a century will be outlawed. A premium rather than a discount will be put upon the public interest and the average man's welfare. It should insure a normal flow of money at reasonable rates and thereby eliminate from time to time the fear of inflation or deflation. In using the words "inflation" and "deflation", I mean unjustified expansion or unjustified contraction. Through the honest, common sense, effective administration of this measure the purchasing power of all classes of our people, the high and the low, the rich and the poor, will be safeguarded against the callous and ruthless manipulation of a few greed-blind bankers who have for almost a century had in their hands the control of the levers of our financial and economic system. It should bring to the average man the assurance of security in his home, his livelihood, and his savings. Through this measure, the money world forms a partnership with the real world. It involves a complete divorcement of private banking from national monetary operations, without in any wise depriving the honest, private banker of his right and freedom to lend when, how, to whom, and where he pleases. My candid opinion is that it will strengthen our banking system and increase public confidence in private banking institutions. It recognizes the small country banker's problems and undertakes to place him, so far as Government assistance goes, on a parity with the big banker. Let not the chorus of critics, many of whom will raid the Treasury to protect their own business any time, and the propaganda of the "boys in the know" frighten you from the duty and opportunity for constructive public service which the adoption of this measure offers. Instead of being troubled, my friends, in its consideration, there is cause for rejoicing. It should in time be the deliverance of a great people, and in truth should be called "The Financial Emancipation Proclamation of the Twentieth Century."

Mr. STEAGALL. Mr. Chairman, I yield 20 minutes to the gentleman from Indiana [Mr. FARLEY].

Mr. FARLEY. Mr. Chairman, having been a member of the Committee on Banking and Currency and a member of the Seventy-third Congress which passed the deposit insurance law, I must confess to be very much gratified at the almost universal popularity of the law and the very fine things that have been said regarding it. I want to remind you of this, however, that the guaranty-insurance deposit law did not always have such smooth sailing. In the early sessions of the Seventy-third Congress we had just about the same opposition, from the same sources, almost identically in the same manner that we are now having opposition on title II of the bill. I have a feeling that if this bank law is passed as it has been written, and as it is now under consideration, that in 2 years' time title II will be just as popular as the insurance provision in the law at the present time.

I think we can all agree that insurance of bank deposits came into the Federal law at a time when there was the greatest need for restoration of public confidence in the banking structure of our country. I think, too, we can agree that the general acceptance of the principle has operated to restore and maintain that confidence. We are engaged in an effort to work constructively toward the end that there may never be in our country a repetition of the financial collapse that has accompanied the late persistent depression. We can work toward this end and succeed with the cooperation of all who are immediately concerned with the safety of bank deposits—that is, ultimately with the public who deposit money, and can support their leaders in Congress in passing the administration banking bill.

When a man goes to make a loan from a bank, the bank demands some kind of security. The people who deposit and thus loan their money to the banks have in a real sense demanded that their banks carry insurance on deposits. That is the meaning of the wholesale withdrawal of deposits and hoarding in the 3 years following 1929.

Depressed security, agriculture, commodity, and real-estate values, followed by a sharp reduction in our national income, left many banks with investments which were fundamentally sound but badly frozen. At the same time there was a steadily increasing demand from depositors who were compelled to draw upon their reserves to meet the problems caused by reduced incomes and unemployment. Thus the banks were drained of their normal liquid resources and forced to realize upon their frozen assets at great sacrifices. As this liquidation continued, their remaining assets became more badly frozen, more greatly depressed. But they might have survived had not the specter of lost confidence, followed by fear, and then by panic, driven hordes of depositors to their counters to demand their money not because they needed it, but because of fear of loss. The general economic decline weakened our banks, but it was the consequence of hoarding which closed their doors in many instances. In the interval between the closing of banks in Michigan by the Governor of that State on February 14, 1933, and the closing of every bank in the United States by Presidential proclamation 3 weeks later, the staggering sum of $1,630,000,000 in cash was withdrawn from the Nation's banks.

Nor was this all. In the 12 months prior to December 31, 1932, deposits in banks had dropped by approximately $4,000,000,000 during the very period when the President and Secretary of the Treasury were conducting an intensive campaign against hoarding by speeches and patriotic appeals. But they might as well have attempted to sweep back the tides with a broom. At the same time the people were flocking to the United States Postal Savings System. Why? Because the credit of the United States was pledged to secure these deposits, and the people wanted this protection. At that time the Postal Savings System was the only depository available to the ordinary depositor which was in a sense insured. Between June 30, 1931, and April 30, 1933, deposits in this System increased from $347,000,000 to $1,159,000,000. This increase occurred notwithstanding the existence of a maximum limit of $2,500 on the aggregate amount of the deposits of any one depositor. What the increase would have been had there been no such limit would be difficult to estimate. Could the people have given a clear indication of their desire for some system of insurance for banks generally?

With financial transactions throughout the country at a standstill, the State legislatures and Congress speedily enacted emergency measures to cope with the situation. On June 16, 1933, Congress enacted the Banking Act of 1933, a law which was aimed at permanently preventing a recurrence of these conditions. The outstanding feature of this act was the creation of the Federal Deposit Insurance Corporation, to which the United States Treasury supplied $150,000,000 and the 12 Federal Reserve banks an additional $140,000,000, making up a total initial capital of $290,000,000, which has since been augmented by the collection of an assessment upon banks amounting to almost $40,000,000.

The Federal Deposit Insurance Corporation is charged by Congress with the duty of protecting depositors in insured banks. Every activity of the Corporation is motivated by that objective. This all-important assignment is supplemented by the duty of paying promptly the insured portion of the accounts of depositors in insured banks which for one reason or another close.

The temporary insurance fund has been in operation since January 1, 1934. Fourteen thousand one hundred and thirty-seven banks are now members of this fund. Since the beginning of the fund not a single depositor has lost a penny in a bank which achieved membership. It is well to give this a moment's thought. I do not believe it possible to point to any other period in the history of the United States when for over 16 months not a single dollar of the deposits has been lost amongst so large a group of banks as are represented by the members of the temporary insurance fund.

The Corporation has paid deposits in 12 suspended insured banks. The total deposit liability of these 12 banks at the time they closed was about $3,000,000. Approximately $1,900,000 of this amount represents the insured portion, for which the Corporation was liable. Upon the appointment of a receiver by the responsible supervisory authority the Corporation has immediately undertaken the liquidation of its liability to depositors in these banks. The Corporation began to pay off insured depositors within 10 days of the appointment of a receiver. In one case the Corporation paid off about one-third of the insured deposits, or nearly $50,000 the day following the appointment of a receiver. To my mind this brings home very vividly the tremendous change which has been brought about by the existence of the Federal Deposit Insurance Corporation. It is in striking contrast to the former procedure where the small depositors, who could least afford to do so, were obliged to wait months, even years, before they received any dividends in payment of their hard-earned wages.

It is interesting to note that there are over 9,600 banks in this country today in which deposit insurance, under the present limits, covers 80 percent or more of total deposit liability. Fifty-four percent of all the national banks and 80 percent of all State banks have 80 percent or more of their total deposit liability covered by insurance at the present time. While the extent of the Corporation's liability is not as great in any one of the remaining 4,500 banks, it is, nevertheless, considerable. The reason for pointing out this particular figure is to show you that the Corporation, having a liability to depositors in each of these 9,600 banks, which is at least four-fifths as great as their total deposit liabilities, is vitally concerned with their efficient operation.

In the face of the record since the insurance fund came into effect there should be no occasion to argue its need. However, there are still some who say that it is but a substitute for a sound banking system and that our efforts should be directed toward establishing better management for banks rather than insuring banks against losses. The proponents of this argument usually give the Canadian banking system as an illustration.

The argument for better banks is well taken. We concur fully in what its proponents say, but we feel that better banking can best be achieved with the aid of just such systematic work as is done by the Federal Deposit Insurance Corporation.

In the United States there is a division of authority between the several States and the Federal Government, and consequently, unlike the Dominion of Canada, the character of our banking varies according to the location of the bank and the character of supervision given it. Through the work of the Corporation there can be a better coordination throughout the country to the end that a uniform high standard of banking may be maintained.

Again, our system of banking, while unlike the Canadian system up to the present time, through the medium of the Federal Deposit Insurance Corporation, now presents a striking analogy to that of our neighbors to the north. This has been accomplished without sacrificing unit banking which is so strongly favored in many States. The same fundamental safeguard now exists in both systems—that risks and losses shall not be localized in the individual banks, but shall be spread over the entire banking system. Upon this principle has been founded the vast insurance protection now given our people—insurance against the hazards of fires, earthquakes, floods, and other calamities, and even against death, the inevitable destiny of every one of us.

The Corporation has not only restored general confidence in banking institutions but it has seen to it that the confidence is built on a solid foundation by elevating banking practices to a high level of efficiency. The Federal Deposit Insurance Corporation has done much to rehabilitate the depleted capital structure of its member banks. Through cooperation with the Reconstruction Finance Corporation and the Comptroller of the Currency the banks have been placed in a healthy capital position.

The method is as follows: Analyses have been made comparing the ratio of the net sound capital in the subject banks to the total-deposit liabilities. If the ratio of such capital to deposit liability is 10 percent or better the bank is rated no. 1, since under such conditions there exists an ample cushion not only for the risk of the Corporation but for the interest of the depositors and stockholders as well. Where, on the other hand, the ratio falls below this figure, the banks are classified into three rating groups. It is these three groups of banks which are being concentrated on in the effort to repair their capital condition. They have been urged to obtain either local contribution to capital or to make application for R. F. C. money for capital purposes. It is to the best interest of all concerned that every effort be made to place the capital of banks in such a position that a healthy ratio exists between capital and deposits. It is to the credit of the Corporation that it uses its interests and its position to effect so important a remedy as it has done to the capital structure of the country's banks.

More than 16,000 commercial banks with deposits of nearly $9,000,000,000 are known to have suspended operations during the 70-year period prior to 1934. The losses to depositors in these banks are conservatively estimated at $3,000,000,000. The annual rate of losses incurred by depositors in that period was about one-third of 1 percent of the deposits of the entire commercial banking system. Of the $3,000,000,000 of losses in commercial banks, one billion was the amount which depositors of national banks were obliged to assume, while $2,000,000,000 was the amount assumed by depositors in State and private banks. In other words for every $100 of deposits in the commercial-banking system, about 31 cents per year was lost. For $100 of deposits in the national-banking system, 21 cents per year was lost, as against 39 cents per year for every $100 in the State system.

The bill now under consideration contains some features that are a marked improvement over the insurance provisions of the Banking Act of 1933.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I yield the gentleman from Indiana 8 additional minutes.

Mr. FARLEY. In order to minimize the risk of loss in the future and to encourage sound banking, features have been inserted in the pending bill which give to the Corporation the necessary power to improve its insurance risk.

Since time does not permit discussion of all of these features, I shall mention only one—the power of examination.

A report of a bank examination is an instrument by which the management of a bank may learn a great deal. It affords the opportunity for a periodic perspective of the operations of a bank which may not be apparent to those who are working with an individual bank's problems day in and day out. Much has been done by the Corporation already toward unification of the examination report for, partly, the sake of greater ease in analysis, but chiefly to avoid a multiplicity of unwelcome examinations. Much has been done through an improved examination form to afford a closer connection between the Corporation and the insured bank, which doubtless reacts favorably for both; but more might be done with the help of the proposed new legislation. With reports of examinations before it, the Corporation will be in a position to enforce the correction of conditions in banks before losses are sustained, and if those conditions are not corrected the banks would be required to proceed without insurance, but with ample notice to their depositors that insurance has been withdrawn. Under the terms of the bill protection will not be withdrawn as to the depositors until they have had an ample opportunity to know and to act as they choose upon such information.

The Federal Deposit Insurance Corporation should be supported in its request for authority to terminate the membership of any bank in the fund which persists in so conducting itself and its affairs as to be constantly increasing the probability of ultimate suspension with the consequent loss to depositors and this Corporation. The existence of deposit insurance places upon the Corporation and upon Congress a moral obligation for sound management of banks as well as a very definite responsibility to bank depositors. If insured banks engage in practices which are detrimental to the depositors, the Corporation must have the right to withdraw its endorsement of those banks.

The benefits of deposit insurance are not limited to the protection of individual depositors. The entire banking structure of the country is so intimately interwoven that disturbances in any part of it can cause repercussions of far-reaching proportions. The benefits which will accrue because of greater stability in the banking structure are real and tangible. For these reasons I believe that all banks, large and small, should be required to support the insurance system.

And yet the small depositor is he for whom deposit insurance is designed. The small depositor must be assured the absolute protection of his deposit. The hardships which the recent untoward economic conditions have developed have been felt most acutely by that large group of people whose right it is to have absolute protection for those hard-earned dollars which are placed to their credit for the so-called "rainy day." The insurance of such savings, which it is the right of every man to enjoy, is essentially a Government function. Just as the Constitution offers every man the protection of law and order, so should the Government insure in the best-known way the protection of the deposits of the masses.

BANKING ACT OF 1935—SECTION 210. REAL-ESTATE LOANS

Section 210 would amend section 24 of the Federal Reserve Act so that the conditions under which real-estate loans may be made by national banks will be prescribed henceforth by regulations of the Federal Reserve Board, except that (1) the amount of any such loan hereafter made shall not exceed 60 percent of the appraised value of the real estate at the time the loan is made; and (2) the aggregate amount of such loans which any bank may make shall not exceed the capital and surplus of the bank or 60 percent of its time and savings deposits, whichever is the greater.

The purposes of this amendment are to increase the ability of commercial banks to serve their communities, to provide a greater outlet for the banks' funds, and to promote business recovery by opening up the mortgage market and reviving the construction industry.

Few banks are purely commercial, since a large part of the deposits in the banks represents savings. Member banks hold in the aggregate as much as $10,000,000,000 of savings funds. Separation of commercial banking from savings banking in this country at the present time is an academic question, as it could not be accomplished now without disrupting the banking system. So long, moreover, as commercial banks continue to accept and hold a large amount of the people's savings they should use at least a part of these funds in long-time loans and investments.

In using savings funds for long-time investments, there are no outlets that would serve a more useful economic purpose at the present time than real-estate loans. The restoration of building activity to something like a normal level is absolutely essential to further business recovery, and to this end reestablishment of an active mortgage market would greatly contribute. At the present time the banks of the country have a vast amount of funds for which they can find no profitable outlet. Increased activity in real-estate loans would, therefore, be of importance to the banks in helping them to make reasonable earnings and would at the same time enable them to render the proper service to their communities, as well as to contribute to recovery.

Member banks have an enormous volume of excess reserves, and at the same time they are neglecting a broad field of real-estate loans in which there is an opportunity to place their funds. Commercial banks, which are surfeited with funds, are refraining from making real-estate loans in any considerable volume, while building-and-loan associations, which are anxious to make such loans, lack funds for the purpose and are endeavoring to obtain funds from the Government. The Government, on the other hand, is pouring money into the real-estate loan field through various agencies, such as the Home Owners' Loan Corporation, the Reconstruction Finance Corporation, and the lending agencies under the Farm Credit Administration. If commercial banks increased the volume of their loans on real estate, special Government agencies would not be under the same pressure to make these loans, the banks' ability to make a living would improve, and their usefulness to their communities would increase.

There is no logic in prescribing rigid limitations as to the proportion of a bank's funds that can be invested in real-estate loans when the proportion of their funds that can go into bonds and other kinds of long-time uses is not restricted.

The record of real-estate loans during the depression has not been worse than that of many other classes of loans and investments. Real-estate loans, however, have differed from other long-time investments, such as bonds, in that there was no organized market where they could be sold even at a reduced value. As compared with commercial loans, real-estate loans have also suffered from ineligibility as a basis of borrowing at a Federal Reserve bank. In consequence, real-estate loans which might have been good in substance, despite being temporarily uncollectible, have had to be considered entirely frozen because, until the emergency legislation of February 1932, temporary accommodation could not be obtained from the Reserve banks on these loans as security. The elimination by this bill of rigid eligibility requirements would remove from real-estate loans this serious disability.

This committee in all of its work has undertaken to build and not to destroy. When Mr. Roosevelt came into power and came to Washington he very promptly called large groups of business men, bankers, merchants, manufacturers, representatives of farm groups, and labor groups to Washington for a conference and consultation. They assured him just a little over 2 years ago that they would go along with his program and undertake to put this country back into a prosperous condition. The situation that has arisen in the last few days, the recent past, reminds me very much of an experience in my life when I was in a great storm at sea. I remember one night when practically every passenger was on his knees in the cabins or in the aisles of the ship, but in 24 hours the storm had passed. Then they were out on deck laughing and cheering and apparently forgetting the thing they had prayed for. When I look at the situation today and hear some of the criticisms and objections of the future, I cannot but think that they represent about that situation. Having gone almost down to ruin, in the slough of economic despondency, they pledged their support, but now when we are well on the way out of the depression they come into the city with condemnation, yet without a constructive program.

Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to include therein the report of the committee dealing with section 210.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. STEAGALL. I yield 15 minutes to the gentleman from Massachusetts [Mr. RUSSELL].

Mr. RUSSELL. Mr. Chairman, we have been through long and laborious weeks of hearing witnesses before the Committee on Banking and Currency on the questions involved in this bill. We have heard it said of titles I and III of the bill that they are satisfactory to all, that there is no difference of opinion with reference to them. Titles I and III seem to be acceptable to everybody, not only the Members of the House of Representatives but the public at large. We have heard it said also that with respect to title II the situation is different, that it is controversial, that everything in it is controversial, that there is no unanimity of opinion with regard to it. This attitude, this frame of mind, has interested me as a new Member of this House and of this committee, and I have tried to analyze it. I now challenge the truth of the statement.

As I read title II of the bill its purposes are very simple and very clear: To profit by the lessons we learned in the terrible collapse of the banking structure of the country. The object of the title is to give certain controls over the instrumentalities of credit, to prevent injurious expansion and contraction of the country's credit so that it may be available at all times to the people of this Nation. With this proposition everyone is agreed. Furthermore, everyone is agreed that the only way we can exercise this function of preventing injurious expansion and contraction of credit is by centralizing control over certain instrumentalities. The bill accomplishes just that; it gives to a central body the right to control the rediscount rates, the right to control the reserves of member banks, and the right to conduct what is called "open-market operations" in Government securities. Analyze it further and you will discover that if there is one point of difference it goes only to the extent of the determination of what body shall exercise these controls.

I have before me the report of a committee of the American Bankers' Association. It may surprise you to know that, with the one exception I have mentioned, practically every recommendation contained in that report now is incorporated in the bill. This pretty nearly eliminates the last objection there is to title II of the bill.

Let us for a moment analyze this one remaining difference of opinion as to what body shall exercise these important controls. It comes down to this: As the bill is submitted to you, the Federal Reserve Board is given the power to exercise those functions, to control those levers, which can be operated to expand or contract the country's credit. It calls also, however, for an advisory committee to consist of five representatives of the Federal Reserve banks, chosen by the banks. The recommendation of the committee of the American Bankers' Association is that you substitute for the Federal Reserve Board of eight members, as now constituted, as the agency to exercise these powers a Federal Reserve Board reduced to five members, to which are added four governors of the Federal Reserve banks. I shall make a brief statement in reference to this and then leave it to the Members of this House to determine whether or not there is any real difference.

It has been stated that the bill gives political control over the banks for the reason that the governor of each Federal Reserve bank is to be appointed by the directors of the bank subject to the approval of the Federal Reserve Board; and to support this view the argument has been advanced that this power to approve the appointments of governors gives the Federal Reserve Board control over each bank. If this be true, if this be a fair statement, then I ask you, what is the difference between giving the powers to the Federal Reserve Board in the first instance, as is done by the bill, and giving the powers to the Federal Reserve Board through their control over the selection of the governors of the Federal Reserve banks as has been argued will happen by this process?

Mr. Chairman, it seems hardly necessary to have spent the time that has been spent in this House arguing and debating a proposition about which everybody is in substantial accord. I doubt if even on the other side of the House there are going to be enough votes against this measure or any part of it really to amount to anything; and I trust that the benefits everybody concedes will be brought about through the operation of this bill if enacted into law will not be lost to the American people because some amendments fail of incorporation in the measure before its passage by this House. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. STEAGALL. Mr. Chairman, I yield 13 minutes to the gentleman from Georgia [Mr. CASTELLOW].

Mr. CASTELLOW. Mr. Chairman, our old laws—and law, as I understand, is in reality nothing more or less than established rules for the direction and restraint of human activity—having in their operation proven unsatisfactory, and in many instances disastrous, we, in this and the preceding Congress, have felt constrained to revamp, so to speak, almost our entire system of government. The rather universal trend of our legislation during these two sessions has been to consolidate and vest in our Federal Government, which in a broad sense is a central authority, a supervisory, if not a distinct and absolute control over the activities of the individual.

Regretfully I realize that as civilization advances and population increases less freedom of action and exercise of individuality can be permitted to the citizen. As the cattle formerly roamed with freedom the broad western plains in proud possession of their long horns without doing violence to their fellows, when crowded into narrow spaces proved the necessity of relinquishing one of their erstwhile most cherished natural possessions, even to the extent of being dehorned. So with mankind, no advantage comes to us unalloyed. As our numbers multiply the freedom of individual activity is restricted. Not only is this principle being applied to the individual but it has been extended to the functions of our various governmental units.

Beyond question in the bill now under consideration we find no reversal of this tendency. By it more power over the very heart of all business and commercial activity is vested in a central authority, which in turn comes more directly under the influence of the executive branch of our Government. This will enure to the benefit of the masses so long as the head of that department is both honest and wise and remains fortunate in the selection of those who, under him, must exercise the broadest discretion, coupled with the power to raise or lower, accelerate or retard, the business of this great Nation. Whoever or whatever controls the credit of the country necessarily performs this function. Too long has it been permitted to remain in the not unselfish hands of the captains of private finance. By them have our people been made to suffer, and hence our justified wish to find a more impartial instrumentality of control.

The greatest weakness of the plan adopted by the original Federal Reserve Act was found in the reflected weakness of human nature from which there seems to be no escape, and a disregard of which only invites disaster. Few laws, I apprehend, were ever enacted which theoretically were unsound and yet we are confronted with the embarrassing knowledge that many have proven to be unworkable. In purpose and beneficent theory was there ever a law which scored higher than the National Prohibition Act? If it has failed, as so many of our people seem to feel, that failure is attributable only to the frailties and selfishness of human nature. So it is, as stated before, with practically every law which has failed in usefulness.

That great and noble President, our beloved Woodrow Wilson, inspired by an almost superhuman love and loyalty to mankind believed it possible to successfully conduct a war to end wars. We need no reminder as to the results.

Under the leadership of that same great mind we brought into being the Federal Reserve, supposed to regulate and control the beat of the heart of our financial structure, the credits of the country. When we view the financial wrecks, and remember the days which seemed as years to some, during the latter part of 1920 and for some time following, we may conclude that it functioned too perfectly. It may be remembered that for some years an unprecedented prosperity had been enjoyed throughout the country, cotton having sold in our local warehouses for more than 40 cents a pound, and other farm products bringing proportionate prices, everything moving as though by magic, and almost universal happiness prevailing throughout the land until that eventful day in 1920, soon after President Harding assumed office, the Federal Reserve Board announced that it would be the policy of Federal Reserve banks to make no further loans to finance the holding of agricultural products. That announcement was immediately followed by one of the most drastic breaks in commodity prices that ever saddened the hearts and reduced to penury such a substantial portion of the Nation's most worthy citizens. Within a few months cotton broke from around 40 cents per pound to something like 10 cents. To the disastrous effect of this pronouncement of policy on the part of the Federal Reserve Board, no commodity was immune, and the farmers of America were dealt a blow from which they have never recovered. The conditions resulting are well depicted in a letter I have recently received from my good friend, and one of the most capable and conscientious officials my native State has ever had the good fortune to boast, Mr. R. E. Gormley, State superintendent of banks for Georgia. Referring to the action of the Federal Reserve Board, heretofore mentioned, his observations were, in part, as follows:

In reading over the report of the House Banking and Currency Committee, I noted the supplemental views of Mr. BROWN of Michigan on pages 26, 27, 28, and 29 in which he makes a rather severe criticism of nonmember banks and presents figures attempting to substantiate his contention that the operation of national and Federal Reserve member banks has been superior to that of nonmember banks. You will note on page 29 that Mr. BROWN of Michigan refers to the fact that in 1921 there were 8,150 national banks with deposits of $12,991,000,000; 1,595 Federal Reserve member State banks with deposits of $7,646,000,000. That there were 20,181 nonmember banks with deposits of $9,529,000,000. Following that he states within the 12-year period following 1921, the total deposits contained in national banks closing amounted to $1,187,000,000 and that in State member banks $680,000,000 and in nonmember banks closing during this period $3,017,000,000. Mr. BROWN's figures are rather misleading in that he does not include in the total deposits of nonmember banks the deposits of approximately 2,000 mutual savings banks which aggregate approximately $6,000,000,000. From a statement which was prepared by the F. D. I. C. at my request dealing with bank suspensions in the period between 1921 and 1935, I obtained the following figures: The total deposits of all national banks in 1921 aggregated $15,136,000,000. In all State banks the total was $23,316,000,000. At the end of 1929 the total deposits of all national banks had increased to $21,586,000,000. The total deposits of all State banks had increased to $36,081,000,000. During this period between 1921 and 1929, it is true the ratio of deposits in national banks closing during that period was only 2.4 percent of the total, while in State banks the ratio of deposits in closed banks was 5.4 percent of the total, a ratio decidedly favorable to the national banks. I make the following analysis of the conditions responsible for this difference.

If you remember, in 1920, immediately after the change in administration, when President Harding went into office, the Federal Reserve Board announced that it would not be the policy of the Federal Reserve banks to make further loans for the purpose of financing the holding of agricultural commodities. As a result of that announcement, the bottom fell out of the price of all farm products. You will remember that cotton dropped from around 38 cents to about 20 cents. Other farm products declined similarly. As a result of that pronouncement of the Federal Reserve Board, a severe blow was dealt to agriculture from which the farmer has never recovered. Since that time the farmer has been in the position of having to sell his products in a market absolutely unprotected by credit of the Federal Reserve banks, while at the same time his supplies purchased were bought in a market which had the protection of the credit resources of the Federal Reserve banks. As a result of the drastic decline in values and the unfair odds which the farmer has had to operate under for the years succeeding 1921, it was only natural that financial conditions should have become more acute or aggravated in the rural sections. The rural sections were served largely by smaller State banks, and it was only natural that the mortality of banks in such rural sections should have been higher than among the larger banks located in industrial centers.

We will now take up the period from 1929 to 1935. In that period this statement prepared by the F. D. I. C. shows that the total deposits of national banks closing during this latter period aggregated $2,646,000,000. The total deposits of State banks closing during a similar period aggregated $3,937,000,000. The ratio of deposits of national banks closing during this latter period compared to their total deposits at the beginning of 1930 is 11.4 percent. The ratio of deposits contained in State banks closing during this latter period is only 10.8 percent of the total amount of deposits at the beginning of 1930. From this latter you will see that the losses in national banks during the latter portion of this period exceeded the percentage of loss in State banks. In other words, when the Federal Reserve Board in 1929 announced it would not be the policy of the Federal Reserve banks to furnish further funds for the purpose of financing speculative transactions on the New York Stock Exchange, the effect on listed securities was the same as the effect of their pronouncement of 1921 of agricultural commodities, and as a result of their latter decree in 1929 values depreciated, not only in the country sections but also in the industrial sections, and as a result it was not only the smaller banks in the agricultural sections which suffered but the larger banks in the financial centers showed a higher percentage of loss than did the State banks.

From the foregoing it would appear that the difficulties with which we have been beset and of which we now complain were precipitated not as a result of a lack of power but as a result of a lack of wisdom and foresight in its application and control. In other words, we might be impressed that the wreck was not the result so much of any inherent defect in the engine but rather due to the lack of foresight, not to mention the possibility of undue influences, upon the part of the train's crew.

While the Federal Reserve Act was yet young, I not only realized the possibilities but predicted the results of which complaint is now being made. Motivated, I hope, by no spirit of pessimism, but endeavoring to proceed in the light of truth, I now inject this word of warning against too much optimism over the result of this or any other legislation. For we are warranted in expecting only that degree of success which we, by our aggregate virtues, merit. As the citizen surrenders more of his individual rights, the more jealously should he regard the exercise of his franchise in the selection of those who shall hereafter exercise the rights and powers so surrendered. It has been my observation that we have suffered not so much by reason of the laws themselves but the manner and spirit exercised in their administration. So, the realization of our hopes and the fruition of our dreams may be permanently established through the improvement of our natures rather than the changing of our laws, for only through the instrumentality of men can laws become effective. [Applause.]

Mr. STEAGALL. Mr. Chairman, I yield 10 minutes to the gentleman from New Jersey [Mr. KENNEY].

Mr. KENNEY. Mr. Chairman, the Federal Reserve Act was passed in December 1913. It followed the campaign of 1912 when a Democratic President was elected on a platform which declared against a central bank.

I ask unanimous consent, Mr. Chairman, to insert at this point that plank of the Democratic platform of 1912 relating to banking.

The CHAIRMAN. Without objection, the gentleman has that permission.

There was no objection.

The matter referred to follows:

BANKING LEGISLATION

We oppose the so-called "Aldrich bill" or the establishment of a central bank; and we believe the people of the country will be largely freed from panics and consequent unemployment and business depression by such a systematic revision of our banking laws as will render temporary relief in localities where such relief is needed, with protection from control or dominion by what is known as the "money trust."

Banks exist for the accommodation of the public, and not for the control of business. All legislation on the subject of banking and currency should have for its purpose the securing of these accommodations on terms of absolute security to the public and of complete protection from the misuse of the power that wealth gives to those who possess it.

We condemn the present methods of depositing Government funds in a few favored banks, largely situated in or controlled by Wall Street, in return for political favors, and we pledge our party to provide by law for their deposit by competitive bidding in the banking institutions of the country, national and State, without discrimination as to locality, upon approved securities and subject to call by the Government.

Mr. KENNEY. When after the election the Congress began working on the new banking system two systems rose before them: On the one side the central bank and on the other side the Federal Reserve Association or System. But the central bank was put out of all consideration because of the plank in the platform declaring against it. Why this plank was made part of the platform is speculative. But, in my opinion, regardless of the declaration of policy with respect to banking in the campaign, it was a great mistake that the Congress did not consider the history and all the facts and circumstances surrounding a central banking system, even though it was committed against it. At least the facts should have been developed to show its merits or demerits. The Federal Reserve System was alone given adequate consideration and was adopted so that it could truly be said, as the plank in the Democratic platform expressed it, " Banks exist for the accommodation of the public and not for the control of business."

The central bank, in my view, Mr. Chairman, operates by natural law, whereas the Federal Reserve System has unnatural features and will continue to have under this bill, with the Government in intended control of the governors of the banking system. In choosing between a central banking system as we find it in England and the Federal Reserve System as it is and as it will be after this—the Banking Act of 1935—is passed, one elects to reject old-fashioned banking for new-fashioned banking.

Mr. HOLLISTER. Mr. Chairman, will the gentleman yield?

Mr. KENNEY. I yield.

Mr. HOLLISTER. Mr. Chairman, is the gentleman going to explain what he means by central or old-fashioned banking?

Mr. KENNEY. I shall try to in the limited time I have.

Mr. HOLLISTER. I will yield the gentleman additional time if he desires it.

Mr. KENNEY. During the days we have just gone through I have been a new-fashioned bankee, but as a lawyer I advised all of my clients to be old-fashioned bankees, and no matter what losses I have sustained, those clients who followed my advice have suffered no losses in their investments. Had the banker, one who deals with other people's money, permitted his people's money to go into recognized good banking channels only, I and so many others would not have sustained our losses. They were sustained under the new-fashioned banking. Under old-fashioned banking we would have been safe.

When the Federal Reserve System came into being in 1913, it was felt that Congress had done a service to the country and perhaps it did, but it did not accomplish all that was intended. Otherwise, this legislation would probably not now be before this House. Under the Reserve System approximately 1,000 banks in this country have failed. And so it is we are today met to try to remedy a system which did not prevent the downfall of so many of our banking institutions. Now, what do we propose to do? This bill puts the Government in the banking system. The Government would control a system which went out of control. Whether that is a good thing or not right now is an open question, but personally I feel it is only another artificial device attached to an artificial system and in the final analysis there will exist interference with the natural law of banking.

Mr. Chairman, when the original Federal Reserve Act was passed, consideration should have been given to two very vital questions. One was considered, very much so, and it was whether a member of the Federal Reserve Board should act as such and at the same time be a commercial banker; that is, affiliated with a concern doing a banking business. There was much controversy over that matter, and finally the President of the United States took the decisive stand that a member of the Board must have severed his relations with his bank or banks and in adopting that policy upheld the principles of old-fashioned banking as practiced by the " old lady of Threadneedle Street ", the Bank of England.

When the matter came before the President, he asked the question, Would you expect the railroads of this country to control the Interstate Commerce Commission? As Senator GLASS says in his book, there could be but one answer and the question remained unanswered, so that members of the Board were, opposition disappearing, required to give up their relations with their banks.

The other question, as I view it, should have had equal or even greater consideration. As a matter of fact it seems to have had little or no consideration by the committees or by Congress. That was the question of bank balances. Bank balances under the Federal Reserve Act were allowed to go into the hands of the Federal Reserve banks. Now, the Federal Reserve Board was intended to control the credit of the country. How could the Board under the act actually control the credit of the country? Only by having the Federal Reserve banks submit to their control. The Federal Reserve banks had the bank balances. In order to control credit, the Reserve banks would have to respond to the action of the Board. The Board had to get what it wanted from the Reserve banks and their member banks and resistance might be expected in some cases where the banks knew that in responding to the controlling power they would lose a profit.

Mr. Chairman, what do bank balances indicate? They indicate the trade conditions of the country. The knowledge of trade conditions is essential in the control of credit. Knowing the trade conditions the Reserve Board can undertake to bring about the purchase or sale of gold or other medium of exchange or the purchase or sale of Government bonds, but this gold or other medium or Government obligations are lodged with the Federal Reserve banks and the member banks. They have to be bought or sold by the Federal Reserve banks and the member banks.

Now, the Federal Reserve banks have an equal knowledge with the Federal Reserve Board of bank balances and trade conditions. The Federal Reserve banks have intimate relations with the member banks. The member banks carry a deposit with them and they are in daily contact with each other. These member banks want to know the " news." They ask for and very often are given confidential information. If it is known that the Government is going to buy gold or wants to have gold bought, if gold is the medium of exchange, there is a natural tendency on the part of these member banks and some of the Federal Reserve banks to hold out on the Government. In such event it is more difficult to control the credit situation. In days of danger one of the Reserve banks held out against a high discount rate, as it was stated during the debate, and thus prevented the exercise of control. With bank balances centralized and the resultant knowledge of the conditions also centralized, the natural law could function without interference or resistance.

In England the Bank of England holds the balances of the banks. It also keeps the government balance on hand. No interest is paid to the government or any bank adding to its strength. The stockholders of that bank are the merchants of the country, not commercial bankers.

The directing officials are bankers, but they serve no banking interest, in theory at least. This bank does not go in for the excessive profits reaped by the banks of this country in invading almost every field. It sticks to old-fashioned banking. There is no gigantic cream for the directing officials or even for their merchant stockholders. Salaries and dividends are limited. But the old-fashioned banking has resulted in a tremendous surplus which makes it stand out as a greater bulwark than the rock of Gibraltar. The central banking system of England, with centralized bank balances allowing of a proper control of credit, has, I believe, shown its superiority. As evidence of this there has not been a single bank failure in England during the world-wide depression.

Mr. Chairman, until bank balances are centralized or similarly situated in this country, in my opinion, we will not be able fully to control credit, whether the Government enters the situation or not, and I do not see how the Government can improve conditions. There is too much danger of undue pressure from the Government and a compromise or artificial control supplanting the natural law of banking. Old-fashioned banking, which operates under nature's law, requires that the banks of the country give the right of way to the trade of the country, commerce, industry, and agriculture. The Bank of England does this very thing. In England the bill of exchange stands out as the very best and most desired security. There is an open market for this paper. Consequently, there is competition between the merchant and the banker. We discarded it over here.

We went in for discounts because of the greater profits for the banks; at least, the banks thought there was. A merchant can dispose of his bill of exchange at a rate of something like 3 to 3½ percent. Here, with the bill of exchange out of style under the new-fashioned banking, the banks reap a profit in normal times of almost twice as much by discount. But it has occurred to me sometimes that the banks would be better off with less profit on its discounts and other practices for then the established banks would not have so much competition from new banks that have sprung up like mushrooms over night, cutting in on their business and catering to new-fashioned business which has accounted for the departure of some old banks from its old-fashioned, sound banking principles. It is to the credit of Congress that it has provided for the divorcement of security affiliates from our banks. That is going back to what I mean by old-fashioned banking.

The bill of exchange is prime paper in England. It comes first because it serves the trade of the country. The bill of exchange and government bonds stand up. But the natural law should always prevail and the Government should not encroach upon the facilities intended for business. I wonder whether a great many realize the significance of a bill of exchange. I have not known so long. It was originally intended for the use of merchants. Only merchants could issue a bill of exchange and the reason was that the merchant created new wealth. By means of it trade could often be carried on through credit extended by the merchant seller without the use of any bank.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. KENNEY. Mr. Chairman, I might say that this practice obtained in Texas for a great many years and my information is that the constitution of Texas for a long period forbade a bank in that State.

Mr. Chairman, in England the bankers realize that they are bankers—men who handle other people's money. They remain bankers while here many of our bankers develop into capitalists—men who are supposed to handle and use their own money. I have asked the question during debate on the bill why the bill of exchange was discarded in this country. No one seems to dwell upon an answer. But England looks to her trade and the public interest above all and she still retains the bill of exchange.

Mr. Chairman, I ask unanimous consent to insert in the RECORD at this point a quotation from the System of National Finance, by E. Hilton Young and N. E. Young, a British work.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The quotation referred to is as follows:

A bill of the sort (bill of exchange), with good names upon it and maturing in a reasonably short time such as 3 months, is the safest security in the world and the most convenient, and for that reason it is the cheapest way in the world of raising money.

Mr. KENNEY. It is very interesting that the merchants of England had their exclusive privilege of issuing bills of exchange challenged at an early date. This right and privilege was invaded, but the merchants met the challenge. In an action brought by a merchant stranger, that is, a person not a merchant, the law merchant under which the issuance of the bill of exchange was reserved to merchants was incorporated into the common law in the Court of King's Bench in the year 1613, and I would like, Mr. Chairman, to insert in the RECORD at this point the decision in that case, *Oaste* v. *Taylor* (3 Croke's Jacobus, 306).

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The decision referred to is as follows:

In the Court of Kings Bench, 1613. *Oaste* v. *Taylor* (3 Croke's Jacobus, 306). Assumpsit, by David Oaste, a merchant stranger, against William Taylor, a merchant; for that whereas by the custom of London between merchants trafficking from London into the parts beyond the seas, if any merchant commorant in London, and trafficking beyond seas, direct his bill of exchange bona fide, and without covin, to another merchant commorant beyond the seas, and upon such a merchant's accepting a bill, and subscribing it according to the use of merchants, it hath the force of a promise, to compel him to pay it at the day appointed by the bill; and allegeth in fact, that William Kenton, being a merchant trafficking betwixt London, and Middleburgh beyond the seas, and commorant in London, directed his bill of exchange to the defendant commorant in Middleburgh, and trafficking between London and Middleburgh, requiring him to pay 345 pounds Flemish, at the usance of 4 months, to the plaintiff, being a merchant: and that the defendant accepted thereof, secundum sum mercatorem, and subscribed it, and had not paid it. Whereupon—After verdict, upon non assumpsit pleaded, and found for the plaintiff, it was moved in arrest of judgment, because the defendant is not averred to be a merchant at the time the bill accepted. * * *

The acceptance of a bill of exchange by the law merchant to a promise to pay it; but it must be stated that the drawer was a merchant at the time he accepted it. * * * Marginal note.

Mr. KENNEY. Evidently there was an astute lawyer for the defense, because he let it proceed to judgment. The plaintiff in the case did not plead that the defendant was a merchant at the time he accepted the bill, and the court held that a material allegation had not been pleaded as required by the common law and granted a motion in arrest of judgment. The effect of the decision was that a merchant stranger could not issue or create a bill of exchange which right was given only to merchants—the producers of wealth.

Now, the Bank of England serves well its country's business, industry, and commerce. It does so through the bill of exchange, and exchequer bonds have added strength to its portfolios. But the right of the merchant has been invaded not only here but in England. The British Government accepted the advice of one of its economists who upheld the instrument of the bill of exchange, so much so that he said to the Government, "Why do you not compete with the merchants and issue treasury bills on the same basis that the merchants issue them?" The Government acceded, contrary to the principles of good, old-fashioned banking, I believe, and began to issue treasury bills or Government bills of exchange for the banks to deal in at the expense of the merchants, for the greater the drain upon the bank by the Government the less there was for the accommodation of the merchant.

Our merchants and our business have suffered here, but more so, by diverting our banks' resources from trade to other channels. Back in 1927 and 1928 the banks seemed to prefer to lend for speculative purposes rather than to business and trade.

Our banks loaned inordinate amounts on securities under the new-fashioned banking. Of course, this had to be to some extent at least, at the expense of business. The merchant, like others, began to look for profits from stock-market operations and borrowed from the banks for this purpose, curtailing the supply of credit for his business. Many merchants began to lose interest in their businesses. Business activity was subsiding and unemployment was reaching serious proportions if not curbed. In 1928 there were 4,000,000 unemployed. Business men, many of them, allowed a decline in their particular fields without much resistance and went into the stock market and borrowed from the banks for their operations, diverting money from business to speculation, which finally brought about the collapse.

Oh, the banks overstepped the line and lent on so many things and in so many ways that the survivors of them find themselves, like the Government, in a variety of businesses; and I think some of the bankers will agree after the great headaches they have had and after the experiences they have gone through, that if they had limited their loans to industry, commerce, and agriculture and sound Government securities and had engaged in fewer speculative loans, they and their banks would be in a much healthier condition.

Is it going to improve the situation to bring in the Government to partake of the control? At most, it seems an artificial, an arbitrary device. It is true that the new control can put a clamp on speculation, perhaps. It can say to the stock brokers that they will have to pay 10 percent call and that sort of thing and, of course, the control may be exercising good judgment or it may not; but in any case such a control does not seem to me to be natural. With the banking system away from the Government and out of the hands of capitalists and under the management of bankers in the true sense of the word, the natural law will prevail.

So I hope that the consideration of our banking problem will not be dismissed upon the passage of this bill.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I yield the gentleman 5 more minutes.

Mr. KENNEY. Mr. Chairman, I believe the problem requires greater study on the part of this Congress, and not only on the part of the Congress but on the part of commerce, industry, and agriculture. I do not know in detail what went on in the committee room, but I have thumbed the pages of the hearings and from the personnel that appeared I would conclude that there were no special representatives of business who appeared before the committee, and it is not apparent whether business men have ever studied the banking problem sufficiently or have had it done for them by somebody else. To me it is a subject that the business of this country ought to go into and sift thoroughly. Of course, we had representatives of the Government at the hearings and, naturally, we had the bankers there; and, mind you, I am not blaming the bankers. There is, however, a question in my mind as to whether we should not build up a different system, a central banking system, a system that would aid business and at the same time prove of stable benefit. Under our system as it has heretofore existed the country has suffered and many a banker in my State was sick abed, and not only that, I know some of them who actually gave up their lives because of the great collapse. So I hope this study will go on to work out a situation where we can finally apply the rules of natural law in our banking system.

It should not be necessary for the Government to come in and control the situation. We ought to have worked out a system apart from any such influence that will by its very nature serve our people but not control our business.

Mr. WOLCOTT. Will the gentleman yield?

Mr. KENNEY. I yield.

Mr. WOLCOTT. Does the gentleman think a central bank should be used for the purpose of raising money to pay the Government debts?

Mr. KENNEY. No, sir; I do not.

It is the function of the Government to lend its guarantee under certain conditions in time of stress, but the Government should not encroach upon business either directly or indirectly through the banks, and I am still hopeful that the day will come when we adopt a banking system that will function naturally without artificial interference, and if we do, it is my view that we shall only go back to old-fashioned banking. [Applause.]

Mr. STEAGALL. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to; accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Woodrum, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 7617) to provide for the sound, effective, and uninterrupted operation of the banking system, and for other purposes, and had come to no resolution thereon.

### ATTORNEY FEES AND EXPENSES IN FIRST NATIONAL BANK OF DETROIT, MICH.

Mr. BROWN of Michigan. Mr. Speaker, on Wednesday I asked unanimous consent to extend my remarks in the Record and include therein a letter from the Comptroller of the Currency to me relating to bank receivers and letters from attorneys in Detroit. It was found that that was too long under the rule, and I, therefore, ask unanimous consent to extend my remarks and only include the letter from the Comptroller.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. BROWN of Michigan. Mr. Speaker, under the leave to extend my remarks in the Record, I include the following letter which I recently received from the Comptroller of the Currency, Hon. J. F. T. O'Connor:

Treasury Department,
*Washington, April 17, 1935.*

Hon. Prentiss M. Brown,
*Member of Congress, Washington, D. C.*

My Dear Mr. Brown: I know that you were glad to learn from my letter of April 12 that the liquidation of the Guardian National Bank of Commerce of Detroit has been conducted at a profit to the depositors, in that the income from the bank's assets while in the hands of the conservator and the receiver has exceeded all liquidation expense by approximately one and a half million dollars. In submitting the following information concerning the liquidation of the First National Bank of Detroit, I am pleased to advise you that this receivership also is operating at a profit to the depositors and that the income received during the liquidation has exceeded the expense of liquidation by approximately $6,000,000.

The liabilities of the First National Bank of Detroit to its depositors and other creditors exceeded $415,000,000 at suspension. The receiver has collected as of December 31, 1934, from interest, premiums, and rents $9,973,109.79, a net profit from operations of approximately $6,000,000. The total amount collected from all sources as of that date was $199,855,879.61, and the total expense of liquidation, including the expense of the conservator, was $3,975,319.06. All amounts received from the Reconstruction Finance Corporation are eliminated from this computation. It thus appears that the total expense of liquidation as of December 31, 1934, was less than 1 percent of the deposit liability and less than 2 percent of the total cash collected.

The report of examination of this bank as of December 30, 1932, just prior to suspension, reflects a total annual pay roll of $4,211,439.76 covering 2,108 officers and employees. Included in this sum was $262,000 representing the total annual salaries of the president, cashier, and 18 vice presidents. As of April 15, 1935, the receiver had 654 employees, a reduction of 68.98 percent, with a total annual pay roll, including the salary of the receiver, of $1,094,070, a reduction of 74.02 percent. This does not include 62 real-estate caretakers and janitors temporarily employed on part time. I do not suggest that the receivership expenses can be compared with those of a going bank, but these figures do indicate the savings effected for depositors and other creditors.

Judge Robert S. Marx represents the Comptroller's Office in the liquidation of the First National Bank, and has as associates Hugh L. Nichols, Esq., Albert H. Morrill, Esq., and G. A. Ginter, Esq. Judge Marx employs, in connection with the legal work of this trust, Attorneys Zanone, Manley, Hugh C. Nichols, Schmidt, Runge, Kasfir, Kelley, Levi, Hogan, Harold Nichols, and Bachman, who also perform services for Judge Frank E. Wood, the attorney for the receiver of the Guardian National Bank of Commerce. All payments to these attorneys are met from the fees paid Judges Marx and Wood.

Judge Marx has not yet presented an itemized fee bill covering his services to this receivership. The services rendered are being performed under the fee agreement required of all attorneys representing receivers of insolvent national banks providing the fees for services shall be reasonable and subject to the approval of the Comptroller of the Currency, whose decision shall be final. Itemized fee bills are required describing in detail the services rendered, the time and amount involved, and the results obtained for the depositors and other creditors. When a bill is submitted it will be carefully reviewed under standards for the allowance of attorney fees built up in this office over a period of years and uniformly applied to all bills for legal services rendered the more than 1,500 national bank receivers now functioning throughout the United States.

The only payment that has been made to Judge Marx incident to the liquidation of this bank was an advance of $75,000 on account paid October 9, 1934. This advance was based upon the services rendered incident to the following items:

#### ITEM 1. SALE OF ASSETS TO NEW NATIONAL BANK OF DETROIT

Sale of assets valued at $104,588,000 to the National Bank of Detroit permitting the prompt payment of a dividend of approximately $135,000,000 to more than 700,000 depositors. The legal services included the formulation of the contract between the two banks; legal details in connection with a loan of $35,609,000 made by the Reconstruction Finance Corporation, and presentation to the United States District Court at a public hearing for its approval.

ITEM 2. DIVIDEND DISTRIBUTION

Services rendered in this connection included the disposition of thousands of claims for set-off, alleged preferences and assignments involving a total amount in excess of $100,000,000.

ITEM 3. RECOVERY OF UNLAWFUL PREFERENCES

Prior to the appointment of a conservator transactions occurred between the First National Bank and a number of Michigan banks that were believed to have resulted in illegal preferences to the other banks, a violation of section 5242, United States Revised Statutes. Through the efforts of Judge Marx recoveries were made for the depositors and other creditors of the First National Bank, or it was protected against losses as follows:

| | |
|---|---|
| First National Bank of Pontiac, Mich | $601,283.29 |
| Peoples Wayne County Bank of Highland Park | 504,423.25 |
| Peoples Wayne County Bank of Dearborn | 418,561.57 |
| Peoples Wayne County Bank of Wyandotte | 45,531.18 |
| Peoples Wayne County Bank of Ecorse | 70,165.30 |
| Peoples Wayne County Bank of Hamtramck | 252,964.64 |
| Romulus State Bank, Romulus, Mich | 25,000.00 |
| E. Hill & Sons State Bank, Colan, Mich | 45,105.03 |
| Total | 1,963,034.26 |

ITEM 4. RECOVERY OF APPROXIMATELY $500,000 FROM FIDELITY & DEPOSIT CO. AND LLOYDS INSURANCE AGENCY

Prior to the bank's suspension suit had been filed against these surety companies to recover large losses alleged to have been suffered by the American State Bank, subsequently taken over by the Peoples Wayne County Bank, later merged with the First National Bank. After having preliminary motions dismissed Judge Marx brought the case to issue, prepared the evidence to support 75 complicated cases of embezzlement, and after trial effected a settlement which resulted in a payment of $250,000 in cash to the bank receiver, a release of the salvage recovered from the embezzlers aggregating approximately $300,000, and a payment in excess of $45,000 by the receiver of Lloyds Insurance Agency plus an assignment of its claims against the reinsurers.

ITEM 5. RECOVERY OF CLAIMS AGAINST STANDARD ACCIDENT INSURANCE CO.

As a result of several months' work Judge Marx secured the payment of approximately $64,000 on account of a large number of claims against this bonding company and obtained collateral security in the amount of $590,000 par value and $400,000 market value, covering other claims asserted by the bank against this company.

ITEM 6. MORTGAGE FORECLOSURES

The First National Bank of Detroit held 57,000 separate mortgages at suspension aggregating more than $150,000,000 in value. Judge Marx's services were required incident thereto in connection with their assignment or pledge to the Reconstruction Finance Corporation, sale to the new bank, foreclosure in advertisement and by chancery proceeding, exchange for Home Owners' Loan Corporation bonds, and set-off problems.

ITEM 7. RECEIVERSHIP OF DETROIT BANKERS CO.

This company held all of the stock of the First National Bank and many of the matters involving the bank were intertwined with the holding company. Included were the safe-deposit vaults of the bank and its numerous branches; the investment affiliate of the bank; the tax returns of the bank; the nominee corporation for the bank; and a number of other subsidiaries and affiliates. The holding company was indebted to the bank in the amount of approximately $4,000,000 and it was necessary that bankruptcy proceedings be instituted, one phase of which is now pending in the United States Circuit Court of Appeals.

ITEM 8. REAL-ESTATE LEASES

The breach by the conservator of a number of lease agreements to pay large rentals for many years in the future resulted in large contingent claims for damages. The total amount due under the leases aggregated $14,162,719.83 and the taxes totaled $4,330,011.48. As of October 9, 1934, the receivership, through Judge Marx's efforts was released from contingent liabilities aggregating several million dollars through settlements for nominal sums approved by the Comptroller.

ITEM 9. FIRST NATIONAL BANK BUILDING

Through negotiations with the Northwestern Mutual Life Insurance Co., the holder of the mortgage on this building, Judge Marx obtained a reduction in interest on the mortgage from 5 percent to 4 percent for the life of the mortgage, resulting in an annual saving of approximately $40,000. A moratorium on any further principal payments for the next 3 years was also obtained. The board of tax assessors was induced by Judge Marx to reduce the assessed valuation by approximately $1,000,000. Thereafter a lease was negotiated and a supplemental tax arrangement formulated which has resulted in an additional saving to the receivership of at least $20,000 per annum.

ITEM 10. LAWSUITS

Prior to October 9, 1934, many lawsuits of almost every kind and description, involving many thousands of dollars, were filed involving this bank requiring the continuous presence in court of one or more of Judge Marx's associates. Outside judges were specially assigned for the purpose of hearing bank cases. For example, more than 50 bank cases were tried before Hon. Walter Lindley, of Chicago, sitting specially in Detroit. Practically all of these cases were won by the receivership.

ITEM 11. SAVINGS DEPOSITORS' LIEN CASES—AMOUNT INVOLVED—ALLEGED LIEN FOR $252,000,000

Certain savings depositors of the People's Wayne County Bank, merged with the First National Bank December 31, 1931, filed an action asserting that under Michigan law they had a lien on assets purchased by the State bank with their funds, and that the lien attaches to those assets now in the hands of the national-bank receiver. The matter was referred to a special master and later tried before the United States District Court, resulting in a judgment in favor of the receiver. Judge Marx was successful in securing a waiver of appeal, thus permitting further dividends to be paid.

Of course, the $75,000 advance does not constitute payment for all services incident to the above items plus other services rendered up to October 9, 1934, nor does it compensate for services rendered since that date, including stock-assessment collections totaling $5,569,860.22 made pursuant to the decision in *Barbour* v. *Thomas* (7 Fed. Supp. 271) and other major matters.

In addition to this advance of $75,000 made to Judge Marx, the following attorney fees have been paid for services rendered this trust:

| | |
|---|---|
| Davis, Polk, Wardwell, Gardiner & Reed, 15 Broad Street, New York City | $252.16 |
| Carton & Gault, Flint, Mich | 53.00 |
| Lightner, Hanley, Crawford & Dodd, Detroit, Mich | 5,000.00 |
| Mack, Wikoff & Ross, Chicago, Ill | 3,000.00 |
| Bryant, Lincoln, Miller & Bevan, Detroit, Mich | 107.85 |
| Best & Best, Riverside, Calif | 150.00 |
| | 8,563.01 |

The records of this bank indicate that approximately $500,000 was expended for attorney services during 1931 and 1932, the 2 years prior to suspension. General claims for legal services unpaid at suspension have been allowed Messrs. Lightner, Hanley, Crawford & Dodd of Detroit, Mich., in the amount of $16,840.55, and to Messrs. Edwards, O'Loughlin & George of New York City in the amount of $2,540.59.

The reasons for the designation of Judges Marx and Wood as attorneys for the two receivers of insolvent national banks of Detroit were outlined in my letter of April 12, discussing the situation at the Guardian National Bank of Commerce. The results so far obtained for the depositors and other creditors by these attorneys and their associates, and the reputation they have established before the bench and the bar in Detroit, fully justify the confidence placed in them by my predecessor. As statutory trustee for the depositors and other creditors, I consider that their services have been highly satisfactory.

In order to clear up the misunderstanding that national-bank receiverships are hedged with great secrecy, I desire to respectfully call your attention to the Comptroller's annual report, which contains full information under the following headings:

All collections by receivers, collection and offsets allowed; collections from stock assessments; amounts borrowed from the R. F. C.; dividends paid by receivers to secured and unsecured creditors; distributions by conservators, payments to secured and preferred creditors; offsets allowed and settled; disbursements for protection of assets; receivers' salaries, legal and other expenses; conservators' salaries, legal and other expenses; a table showing the status, progress, and results of liquidation of all national banks placed in hands of receivers from the date of the first national bank failure in 1865 to October 31, last, the end of the fiscal year in the Comptroller's office; separate tables giving dates of appointment of receivers; capital at date of organization and at date of failure; dividends paid while solvent; total deposits, bills payable and rediscounts at date of failure; also tables showing assets at date of failure, additional assets acquired subsequent to failure; offsets allowed; disposition of all collections and dividends paid to creditors of all insolvent national banks, this information being given in detail as to each national bank.

In addition to this each receiver makes a quarterly report, showing:

Assets: Assets at date of suspension (book value as reported in receiver's first report); additional assets acquired since suspension (book value); stock assessments; total assets to be accounted for—cash collected from assets; cash collected from additional assets; cash collected from stock assessment; total cash collected from assets and stock assessment; offsets allowed on assets; losses charged off on assets and on stock assessment; remaining assets, consisting of uncollected assets, uncollected additional assets, and uncollected stock assessment; a recapitulation of remaining assets—book and estimated values—showing uncollected assets, uncollected additional assets, uncollected stock assessment, and a total of the remaining assets.

Liabilities: Secured liabilities at date of suspension; unsecured liabilities at date of suspension, additional liabilities established, total liabilities this date; secured and preferred liabilities paid in cash (paid by conservator); unsecured liabilities offset; unsecured liabilities for which receiver's certificates have been issued; unpaid secured liabilities (both proved and unproved), unsecured liabilities not paid or proved, total liabilities accounted for.

Collections and disbursements: Collections from all sources, showing cash collected from assets and stock assessment; cash collected from interest, premium, and rents; cash collected by receiver, and held as trustee for owners; Reconstruction Finance Corporation loans received (loan to conservator); total collections to be accounted for; disbursements of every character, showing secured and preferred liabilities paid (including dividends) (paid by conservator); collateral account (collections held by secured creditors and not yet applied); advances in protection of assets (taxes, insurance, etc.); expenses of receivership (expenses and advances by conservator); dividends paid to unsecured creditors (paid by conservator); Reconstruction Finance Corportion loans repaid; cash in hands of receiver and comptroller; and total collections accounted for.

And this report is posted in the bank for the information of the depositors and creditors, and the general public.

The great solicitude of the office of the Comptroller of the Currency for the depositors of the two insolvent national banks at Detroit, the largest ever liquidated by the Comptroller, is evidenced by the loans this office has secured from the Reconstruction Finance Corporation. A total of $139,940,000 was borrowed by the conservator and the receiver of the First National Bank to permit the payment to depositors and creditors of dividends totaling 70 percent and a total of $28,891,200 was borrowed by the conservator and the receiver of the Guardian National Bank of Commerce, resulting in dividends to its depositors and creditors totaling 68 percent. Arrangements are now being perfected for an additional loan of approximately $7,000,000 incident to the liquidation of the Guardian National Bank of Commerce which will permit another payment of 19 percent, making total dividends of 87 percent paid that bank's depositors and creditors. As you know, certain larger depositors of these two banks have made possible the payment in full of all depositors of the Guardian National Bank of Commerce with deposit balances at suspension of $1,000 or less and all depositors of the First National Bank with deposit balances at suspension of $300 or less. These payments of 100 percent could not have been made except through the splendid cooperation with this office of these unselfish large depositors who permitted small depositors to be paid in full out of their own dividends. The city of Detroit is to be congratulated in having such public-spirited citizens and I wish to express my appreciation to all the individuals and interests that contributed to the plan and particularly to their committees which gave such splendid assistance to this office.

May I thank you again for your courtesy in affording me this opportunity to deny the rumors concerning the large attorney fees that have been paid in connection with the liquidation of the two insolvent national banks at Detroit and for your willingness to assist in every way possible to insure that the depositors will obtain a maximum recovery from the bank's assets? I shall appreciate receiving your reaction to the facts stated in this letter.

A similar letter is being sent to Congressman Jesse P. Wolcott, and I am releasing this letter to the press.

Sincerely yours,

J. F. T. O'Connor,
*Comptroller of the Currency.*

PRELIMINARY OUTLINE OF AN ECONOMIC SYSTEM FOR THE PHILIPPINE ISLANDS

Mr. DELGADO. Mr. Speaker, the Commonwealth Government of the Philippines is about to be organized. The trade relations between the Philippines and this country are becoming of more importance. I take it that each and every Member of this House and the Senate has a sort of a Filipino file wherein they deposit data relating to America and the Philippine Islands.

I have a copy of an address delivered by the president of the National Development Co., which contains very valuable data concerning the future trade relations between America and the Philippine Islands. I ask unanimous consent to extend my remarks so that I may have that address printed in the Record.

The SPEAKER. Is there objection to the request of the Delegate from the Philippine Islands?

There was no objection.

Mr. DELGADO. Mr. Speaker, I assume that each Member of the House and Senate has what might be called a Filipino file in which is deposited information relating to the Philippine Islands.

The time is rapidly approaching when the new Commonwealth will be established for a period of 10 years.

Mr. Speaker, under leave to extend my remarks in the Record, I include the following extracts from an address delivered by Mr. Joaquin M. Elizalde, president of the Philippine National Development Co., in the commencement exercises of the Jose Rizal College in Manila, P. I., March 27, 1935:

It is an undeniable fact that the most important problem confronting our nation is that which pertains to economics. As graduates of a business college, you are expected to lead in this particular field. I shall, therefore, with your indulgence, proceed to outline what, in my opinion, is an essential problem that we must meet squarely: What economic system should the Philippines adopt?

To survive, under the pressure of modern international competition, every country has to work out an economic system of its own, and adapt it to its requirements, individual characteristics, customs, mode of living, national resources, wealth, physical strength, climate, natural resources, etc. But the success of any particular system of economy will depend upon the "purposeful selection between alternative application of resources", as Wicksteed confirms.

There are various basic forms of economy from which nations are gradually deriving their own individual systems. The three most common forms are the following:

The highly industrialized system as developed by Great Britain, United States, Japan, Germany, and others.

The agricultural and raw-material producing system such as that developed in India, Java, South Africa, and in other colonies and possessions.

The semi-industrial and agricultural which is characteristic of various smaller countries, particularly in Europe. Of these, Spain is a typical example. It produces most, if not all, its requirements for farm products. At the same time, by a judicious protective tariff system, the country manufacturers, through smaller industries, the bulk of its requirements for finished goods, with the exception of heavy machinery, automobiles, and other patented industrial products. Its exports are of rather limited scope, consisting of oranges to England, wines to France, olive oil to the United States, and some mineral products. Against these, its imports are chiefly wheat, fuel oil, gasoline, and tobacco. The invisible items, mostly in the form of freight paid to foreign vessels for exports of goods are generally against Spain, but she has a counterbalancing item in the funds that are sent back to the country by Spanish subjects in South America, Mexico, and California. Under this form of economy, Spain can boast of a stable financial system, low cost of living, high wages, relatively no foreign debt, and stable currency as compared with other countries nowadays.

Which of these three systems would be adaptable here? Let us analyze them.

1. The highly industrialized system. This is out of the question. We lack financial resources, basic materials, such as coal, iron, mineral oil, and cheap power by electricity, all essentials for industrial development.

The country is underpopulated, and our people have not had much experience in industrial labor. Moreover, the purely industrial system is one of severe competition, and is today practically monopolized by strong and experienced nations that have been at it and in control of world's markets for years; that are strongly financed and aided by low cost of production; with facilities for distribution by large fleets of merchant ships, highly subsidized for that purpose.

Japan has only recently entered this sphere of intense industrialization, and is really suffering great hardships to maintain herself therein. Embargoes and quotas are imposed on her low-priced goods by countries jealous to maintain their long established markets.

It is perfectly obvious, therefore, that this system is not feasible here and must be discarded altogether.

2. The agricultural system, which serves as the framework of our present national economy, is, at best, unstable and not conducive to progress, economic or social. It is axiomatic that colonies and possessions are producers of raw materials exclusively. Some small independent nations, principally in South America, also Siam, produce raw materials, and all of them are economically dependent on industrial countries, which, by financial assistance, eventually dominate the economic structure of the producer nation.

Under this system it is utterly impossible to attain, at any time, economic freedom and sound, stable finances. Industrial nations and manufacturers have one fixed aim in view—to purchase their raw products at the lowest possible level. It is the consistent policy of such countries to drive prices down, as much as possible, with a double purpose: One, to increase their profits; the other, to place themselves in a position to compete with other nations.

Under these conditions the producer is given very little consideration and, as I have said before, is always at the mercy of the industrial country.

Industrialists, besides, are always trying to replace high-priced raw materials for cheaper ones, and maintain research organizations for this purpose. Most industrial countries are today working on the production of synthetic rubber. If this is ever successful, all rubber-producing countries, such as the Straits Settlements, South America, and Java, will suffer, and their large investments may get to the point of becoming worthless some day. The question is, How can they prevent it?

One reason why we should not remain stagnant within the agricultural system is this: Because of our climatic and soil conditions we can raise tropical products only, materials of high competitive range. The same are produced in many other tropical countries: Coconuts in the Straits, Java, India, Borneo, Celebes, etc.; sugar in Java, India, Formosa; hemp in Sumatra; timber in Borneo; rice in Indo-China; jute in India; rubber in the Straits, Java, and Brazil; tobacco in Turkey, Brazil, and Sumatra.

It must be taken into consideration that the producers of all these commodities—which are, and will more and more become, our most bitter competitors—are mostly countries of extremely low standards of living; countries which have not emerged from the "coolie" class, with wages between 10 and 20 centavos per day, with no limitation of hours for work, nor labor-protection laws, modern sanitation, or other requirements that give the laborer a respectable form of life but which, on the other hand, entails bigger expenses for the farmer and, consequently, higher costs of production.

It is then clear, that if we would compete with any degree of success in the world's markets with the aforementioned countries, we are doomed to discard rapidly our present standard of civilization and descend as quickly to that of the "coolie", as in Formosa, Singapore, Java, and India.

Even if a strong and economical government could provide for low taxes and give facilities, such as lower freight rates and farm financing, they would not be sufficient to allow us to compete with low-cost producing nations. Furthermore, Government assistance would become more and more difficult, as poverty would gradually undermine it.

I think, therefore, that it is to our advantage to emerge from this agricultural system, as soon as possible; before it is too late; before our finances and our credit fall so low that we shall have no alternative other than to adapt ourselves to the standards of the raw-material producing countries.

The theory is advanced that we should lower our standard of living, as a means of adjusting our economic life to existing conditions. But who wishes to see his country jump backward? Is it fair to impose on our people a standard of living that would push them down to the level of work animals? I believe that such a change imposes grave responsibilities upon those sponsoring and undertaking it, for it will unquestionably bring in its wake social unrest and violent protest from the direct sufferers. We have developed a mode of living that demands modern sanitation, public schools, good roads, efficient social service; and doing away with them now, or even curtailing such facilities for decent living would be unthinkable. No people would knowingly inflict misery upon themselves.

3. The third is the semiagricultural and industrial, which would involve the continuation of our present agricultural system, with limitations, plus the development of small industries to produce goods for local consumption. To insure success and a practical modus vivendi with immediate results, without sudden collapse of our finances, it is of primary importance to maintain, as much as possible, trade with the United States with preferential and reciprocal advantages.

It is possible that, by negotiations, the United States would consent to accept, in limited amounts, sugar, coconut oil, tobacco products, which are almost totally dependent on the American market. The Philippine government may endeavor to obtain, also, preferential arrangements in limited quantities for its goods that are partly dependent on the American market; among them may be included those manufactured here from our own raw materials, such as rope from hemp, coconut products, lumber, and embroideries.

All these negotiations or bargaining could be made possible by offering in exchange continued preferential trade in this country for American products which have now an established market in these Islands.

In relation to the exports of American goods to the Philippine Islands, it may be said that although their total value is not as large as the United States exports to some countries, I fully believe that American exporters are in a position to make better profits on the goods they ship to the Philippines than on those exported to other more competitive markets, where American commodities compete on an even basis against those manufactured by Japan, Great Britain, Germany, and others.

I venture to say that even in this depression American goods exported to the Philippine Islands are still sold on a profitable basis. This is probably not the case with merchandise exported to South America, China, Canada, and so forth.

Fundamentally, we shall have difficulty to sell to any country more than what we buy from it. We must endeavor to reduce our imports from Japan to counteract the present big unfavorable trade balance, unless Japan should materially increase her purchases from us, which does not appear likely at present due to her difficulties in exporting her products. The only way to do this is to establish here small industries to produce the goods that we now buy from that country in great quantities.

The all-important item, therefore, to inject into our economy the desired stability, consists in the establishment and development, at the earliest possible date, of small industries to supply our home demand and consumption.

By such industrialization, and by producing the bulk of our own agricultural requirements, we could afford a reduction in exports, now counterbalancing imports, and still have a sound trade status.

As a preliminary task of industrialization, the National Development Co. is endeavoring to perform the work of research and promotion to encourage investors. Technical men in the Departments of Agriculture and Commerce are studying the adaptability of certain industries and the possibility for their development.

It is very important, however, at this time to point out that without reasonable tariff protection industrial development would be practically impossible. I am hopeful that our Government will soon see the necessity of protection by tariff legislation to foster industrial development in this country.

There are very few industries that can prosper with the present inadequate protection, and the very strong competition from countries trying to sell their goods, regardless of price or profit.

May I also point out that one of the most important problems that we have to face is the shortage of technicians in different lines of industry. Perhaps we have many engineers and other technical men, but, unfortunately, very few of them are specialists in any particular line. If in the past our Government had sent "pensionados" abroad to work in factories rather than to take postgraduate courses in universities, today we would find many more men prepared to undertake industrial development which we are now seeking. The training of a man even though he may have adequate academical preparation is very expensive in any industry and new factories cannot possibly be opened and placed in the hands of men without practical experience, however splendid their university training might be.

In the development of basic industries, such as gold mining, iron mining, etc., we find a depressing shortage of first-class technicians with business and executive ability, with technical and practical knowledge.

I strongly urge the establishment of an industrial bank. There is imperative need of a network of industrial credit organizations sufficiently liberal in their policies, in the extension of facilities, based on personal credit, business, and technical ability. Without such aid, without an adequate financing system of the sort, the contemplated establishment of small industries to reclaim the country from its present purely agricultural condition may be impossible.

The deeper we go into this question the more we appreciate the necessity of implanting the semi-industrial and agricultural system in this country as the one most adapted to our needs to save us from being entirely dependent upon the highly industrialized nations. The operation of this system, similar to that of Spain, would avoid the dangerous disproportions in trade balances, which when favorable to us threaten our production and exports, and when unfavorable, threatens us with general economic disaster.

It is not wise at this critical period, and with our present resources, to consider the immediate establishment of a completely independent currency system or any alteration in the relation of the peso with the dollar. Our connection with the dollar gives us a strong moral credit standing which is recognized by all the world.

In our particular case, the country enjoys a tremendous inflow of invisibles from the yearly expenditures of the United States Army and Navy, amounting to millions of dollars. When such a source of wealth disappears, with our change of political status, the country will have to get it from somewhere else to keep our general economic system working smoothly. But while we are favored by such item, on the other hand, there is an increasing drain of invisibles which we pay in freight on foreign steamers.

So far we are able to tide over the great discrepancies in our trade balances with Japan by drawing from the excess in our favor in our trade with the United States. But such an impossible situation cannot last forever, as we are beginning to learn much to our chagrin. It is certain that the day we lose our favorable trade with America, our unfavorable balance with Japan will have to be settled in some way. In the end, however, the balances against us will gradually become Philippine credits from Japan and we shall, therefore, become automatically a debtor nation to her, and suffer all the onerous consequences that such a situation entails. Our debts may grow in a few years to such a point that we may become absolutely dominated financially by that nation.

The law of trade balances must be obeyed. And again I submit that, for this country, a semi-industrial and agricultural system, with a government economically operated in relation to its income, with the resources of the State regulated and administered with minimum waste, and in the interest of the nation, would be precisely the system that would elevate the country from a state of economic subservience to the ideal position of self-sufficiency.

## COTTON

Mr. DEAR. Mr. Speaker, I ask unanimous consent to address the House on the subject of cotton production and the maintenance of the processing tax.

The SPEAKER. Is there objection?

There was no objection.

Mr. DEAR. Mr. Speaker, there are 2,200,000 cotton farmers in the South. There are 136,082 cotton farmers in the State of Louisiana, and 21,922 in the Eighth District of that State which I represent. Throughout the years they have been obliged to toil and sell the products of their labor in the open markets of this country and the world, and on the other hand were forced to purchase industrial goods in the protected market of the United States. The cotton farmers have wrestled with the problems of world surpluses, fluctuation of markets, climatic conditions, pests, and in my particular district with devastating floods. In 1932 they were forced to sell their cotton for as low as 4.6 cents per pound. At that time the change in the national administration brought relief and the average price received last fall was 12.6 cents per pound. The present administration in justice long denied these farmers has given them for the first time in the Nation's history what may be termed a "farmer's tariff" in the levying of a processing tax, the benefit of which goes to the farmers as an increase in the selling price of cotton.

At this time the cotton farmer is experiencing an attack, subtle and terrific, from the textile manufacturers in this country. The farmers are told by those opposing the farmer's tariff that the processing tax is destroying the textile industry of the United States; that it is raising the cost of goods to consumer; that the tax results in encouraging foreign countries to raise more cotton and consequently that we are losing our foreign market for raw American cotton. Just at the time when the cotton producer is given a ray of hope, it is blasted by this argument, the purpose of which is to destroy the processing tax and to force the cotton producer into his former position of selling his staple at a price below the cost of production. This is a matter of utmost concern to all; for, in short, it means a chance for the farmer to own his own home and to live on the one hand or virtual slavery on the other. Cotton production is the very heart of the South. Destroy the processing tax and you will lay a withering hand not only to agriculture, but to every enterprise in that section.

It is true that our exports of cotton have declined, but that is not the result of the processing tax, as contended by the spokesmen for the textile industry. Our exports generally have decreased. This is true of lumber and other products, both of agriculture and industry. There are many factors entering into the picture which prevent the foreign customers from purchasing American cotton. Involved in these are trade barriers and the question of unstabilized exchanges. In order for foreign countries to purchase our cotton, we must necessarily purchase goods from them. We cannot expect them to purchase our cotton unless we accord them an opportunity to obtain a trade balance with us by our purchasing from them. Before any country can purchase American cotton she must be enabled to obtain American dollars with which to make the purchases. Under the unstabilized conditions and trade policies throughout the world this is difficult at this time. The price of cotton is not a controlling factor in the purchase of cotton by the foreign countries. It must be remembered that the gold price of cotton on the 29th day of April was 8.05 cents per pound, which is even a substantial advance over the gold price for March. The crop of 1924–25 brought an average of 22.9 cents per pound and of that crop the foreign countries took 8,005,000 bales; the crop of 1927–28 brought an average of 20.2 cents per pound and of that crop the foreign countries took 7,540,000 bales; whereas the crop of 1932–33 brought an average price of 6.5 cents per pound the foreign countries took 8,419,000 bales. Our export trade in cotton has been affected by factors which have affected all of our export trade. The economic trends resulting from the World War, together with other considerations, have had their depressing effect on our cotton exports. It was not brought about by the processing tax. It must be borne in mind that the processing tax is not placed on cotton shipped to foreign countries. It is paid by the manufacturers in the United States. In order to protect our manufacturers in the matter of foreign trade, the equivalent of the processing tax is deducted from the goods they manufacture and ship abroad, and to protect them in our home markets the processing tax is added to all cotton goods imported into the United States to be sold in competition with American-made goods. The conditions complained of by the textile industry of the East have not arisen overnight. Though the processing tax was only recently imposed, nevertheless we find that in New England in 1921 there were 18,702,000 spindles, and in 1933 there were 10,810,000. Regardless of that, the spokesmen for the textile industry endeavor to make it appear that these conditions were brought about by the farmer's tariff.

Those agitating the campaign against the continuance of the tax argue that it materially raises the price of goods to the consumers. However, they are confused, and some contend the tax cannot be shifted to the consumer because textiles are manufactured in sharp competition with other commodities, such as rayon and other substitutes which carry no processing tax. Whereas, in order to frighten the consumer and to strengthen their cause, they also argue that the tax is passed on to the consumer and unreasonably raises the price.

What are the facts? The tax is so small that it really makes little difference in the price to the consumer. We will take a few typical examples: cotton sheet weighing 1.91 pounds, processing tax 7.6 cents per sheet; cotton work shirt weighing .89 pound, processing tax 3.4 cents per shirt; overalls weighing 2.06 pounds, processing tax 8.2 cents per pair; cotton unbleached muslin weighing .32 pound per yard, processing tax 1 cent per yard. A tax of 7 cents on 1 cotton sheet, of 3 cents on 1 work shirt, 8 cents on 1 pair of overalls, and 1 cent per yard on muslin is indeed small, and a negligible factor in the tax considerations.

The effort to destroy the benefits to the southern cotton farmers is not unexpected. In the beginning our able Secretary of Agriculture warned the American people that such an effort would be made to destroy the agricultural program, especially as it affects cotton. The prophecy has become a reality. Every effort is being made to remove the processing tax. It is suggested by some that it be paid out of the relief funds recently voted by Congress to aid the unemployed. That, of course, would mean that the tax would die with the exhaustion of the relief funds. It would be the deathknell of the processing tax, and finally the wrecking of the entire agricultural program. It has also been suggested that if any tax is paid that it should be paid out of the Treasury of the United States. If the farmers' tariff is to be paid out of the Treasury of the United States, then, by the same logic, the tariff protecting the industries of this country which increases the price of goods sold to farmers should likewise be paid out of the United States Treasury.

To illustrate how the farmer pays his tribute for the protection of American industry, he pays a protective tariff of 2 cents per pound on soap, 4½ cents on every hoe that he buys, 4 cents per pound on every trace chain, 15 percent on the cost of leather lines, 2.59 cents per pound on his rope plow lines, 37 percent ad valorem on overalls, 45 percent on cotton shirts, an average of 24 cents per pair on shoes, an average of $1.06 on wool felt hats, and over 50 percent on the cost of a shotgun. In other words, on a pair of overalls selling for $1 the textile manufacturer receives in tariff protection 37 cents, on a shirt selling for $1 he receives tariff protection of 45 cents, while the "farmer's tariff" on the cotton in the shirt amounts to only 3 cents and on that in the overalls only 8 cents. Nevertheless the textile manufacturer, while retaining his protection and demanding more, would destroy the small tax which has been levied to assist the cotton farmer. If the farmer's tariff should be paid from the United States Treasury in aid of the textile industry, why not relieve the farmer and pay the protective tariff from the United States Treasury on the articles which he buys? Of course the proposition is preposterous.

This is the first administration that has ever done anything for the cotton farmers of the South. Statistics show that they have become poorer and poorer as the years went by. More and more of the cotton farmers lost their lands. Statistics show that many thousand cotton farmers throughout the belt lost their homes and became tenant farmers during the 10-year period 1920–30. They were promised relief, but nothing was done. When President Roosevelt was inaugurated he went into action. He put cash into the pockets of our farmers in contrast to only promises heretofore received. A cotton farmer received in 1932 an average of $37.50 for a bale of cotton and seed and for the same bale and seed in 1934 he received the sum of $80. To illustrate the benefit received by cotton farmers of Louisiana at the hands of President Roosevelt and his Secretary of Agriculture, I wish to call attention to the following authentic information furnished by the cotton section of the Department of Agriculture:

*Value of cotton crop and rental and benefit payments in Louisiana, 1932, 1933, and 1934*

| Parish | 1932 value of crop, lint and seed | 1933 | | | | 1934 | | |
|---|---|---|---|---|---|---|---|---|
| | | Value of crop, lint and seed | Rental payments as of Mar. 31, 1934 | Profits from cotton options as of Jan. 31, 1935 | Value of crop plus payments | Value of crop, lint and seed | Estimated total rental and benefit payments | Value of crop plus payments |
| Avoyelles | $628, 221 | $852, 139 | $152, 033 | $38, 922 | $1, 043, 094 | $1, 309, 031 | $206, 824 | $1, 515, 855 |
| Grant | 148, 948 | 177, 314 | 54, 214 | 17, 871 | 249, 399 | 391, 558 | 55, 728 | 447, 286 |
| La Salle | 27, 081 | 41, 951 | 8, 972 | 2, 016 | 52, 939 | 57, 582 | 7, 372 | 64, 954 |
| Natchitoches | 1, 113, 236 | 1, 077, 016 | 215, 959 | 126, 796 | 1, 419, 771 | 2, 326, 313 | 236, 476 | 2, 562, 789 |
| Rapides | 665, 475 | 769, 651 | 141, 562 | 79, 163 | 990, 376 | 1, 527, 842 | 188, 857 | 1, 716, 699 |
| Sabine | 315, 190 | 337, 366 | 74, 646 | 40, 989 | 453, 001 | 506, 722 | 96, 060 | 602, 782 |
| Vernon | 93, 654 | 100, 861 | 52, 795 | 5, 852 | 159, 508 | 211, 134 | 39, 832 | 250, 966 |
| Winn | 200, 752 | 190, 774 | 48, 605 | 20, 442 | 259, 821 | 295, 588 | 58, 000 | 353, 588 |
| Total for Eighth Congressional District | 3, 192, 557 | 3, 547, 072 | 748, 786 | 332, 051 | 4, 627, 909 | 6, 625, 770 | 889, 149 | 7, 514, 919 |
| Total for State of Louisiana | 22, 424, 187 | 25, 332, 801 | 5, 005, 176 | 2, 586, 839 | 32, 924, 816 | 38, 388, 000 | 6, 215, 458 | 44, 603, 458 |

This tells the story of the cotton farmer. Briefly, the amount of money each parish in my district received for last year's crop over the amount received for the crop of 1932–33 is as follows: Avoyelles, $887,634; Grant, $298,338; La Salle, $37,873; Natchitoches, $1,449,553; Rapides, $1,051,-224; Sabine, $287,592; Vernon, $157,312; Winn, $152,836; a combined total of $4,322,362 for the Eighth District. The farmers of the entire State of Louisiana received for their last crop $22,179,271 more than they received for the 1932 crop.

We in Louisiana—and in my opinion the thinking people of the Nation—appreciate the tremendous burden placed upon the leadership of the Democratic Party in bringing about adjustment in American life made necessary by the misrule of 12 years of Republican administration. We all know that in this gigantic readjustment some mistakes will be made and that apparent injustices will appear in the program. That is true in all large undertakings. Those of us supporting the present administration have an abiding faith in our Chief Executive and a sympathetic cooperation in aiding and assisting him in restoring confidence to this country, and especially in his effort to rehabilitate the great agricultural sections of the Nation. The President's sympathies and efforts encompass the welfare of all the people of our Nation, and the textile industry should join hands with him in his desire to improve the condition of the farmers of the South. They should realize that their best domestic markets are in the agricultural sections of this country. If the processing tax is destroyed it means the destruction of the purchasing power of the farmers of the South, and likewise the destruction of the domestic market for the goods of the industrial sections. There is no place in this program for partisan politics or sectionalism, and efforts of those to inject the same into the consideration of this question is against the best interest of the Nation as a whole. The cotton farmers of the South are as much a part of labor as the arm is a part of the body, and if this Nation is to prosper I warn the industrial sections not to bleed white the labor of the South. The farmers of Louisiana, and especially those of my congressional district, can rest assured that the attacks being made on the agricultural program will be challenged at every opportunity. This administration will continue its efforts to better the conditions of the farmer, and it is my opinion that the processing tax will not be removed, but, on the other hand, that further assistance will be given to them whereby they will be enabled to maintain themselves and their families consistent with American standards and American life.

The farmers of the State of Louisiana, with gratitude in their hearts for what a great President has already done for them, will follow him in confidence in the future. Under his leadership the farmers of my district can see the light of the dawn on the horizon of a new day for agriculture and will loyally follow his administration into the full light of that new day of rehabilitation and recovery, not only for the farmers but for the people of a grateful nation.

EXTENSION OF REMARKS

Mr. TRUAX. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a newspaper article to which I referred earlier in the day.

The SPEAKER. Is there objection?

There was no objection.

SENATE BILLS AND JOINT RESOLUTIONS REFERRED

Bills and joint resolutions of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 158. An act authorizing the President to present a medal in the name of Congress to Johannes F. Jensen; to the Committee on Naval Affairs.

S. 159. An act to amend the provision in the act approved March 3, 1931, governing the computation of commissioned service of Naval Academy graduates who have been retired for age or service ineligibility for promotion; to the Committee on Naval Affairs.

S. 373. An act conferring jurisdiction upon the Court of Claims to hear, determine, and render judgment on the claim of Robert A. Watson; to the Committee on Claims.

S. 376. An act to facilitate the control of soil erosion and/or flood damage originating upon lands within the exterior boundaries of the Uinta and Wasatch National Forests, Utah; to the Committee on Agriculture.

S. 377. An act to grant to the Utah Gilsonite Co. the right to use a water well on certain public lands in Utah; to the Committee on the Public Lands.

S. 616. An act authorizing the removal of rock from the submarine and destroyer base reservation at Astoria (Tongue Point), Oreg.; to the Committee on Naval Affairs.

S. 918. An act to carry out the findings of the Court of Claims in the case of the Union Iron Works; to the Committee on Claims.

S. 985. An act for the relief of Hudson Bros., of Norfolk, Va.; to the Committee on Claims.

S. 1030. An act for the relief of the Mutual Savings & Loan Association, Wilmington, Del.; to the Committee on Claims.

S. 1206. An act authorizing the transfer of certain lands near Vallejo, Calif., from the United States Housing Corporation to the Navy Department for naval purposes; to the Committee on Naval Affairs.

S. 1214. An act for the relief of Oliver B. Huston, Anne Huston, Jane Huston, and Harriet Huston; to the Committee on Claims.

S. 1277. An act to amend section 24 of the Judicial Code by conferring on district courts additional jurisdiction of bills of interpleader; to the Committee on the Judiciary.

S. 1379. An act to amend section 103 of the Code of Criminal Procedure for the Canal Zone and section 542 of the Code of Civil Procedure for the Canal Zone; to the Committee on Merchant Marine and Fisheries.

S. 1380. An act to regulate the defense of alibi in criminal cases; to the Committee on the Judiciary.

S. 1426. An act providing for the appointment of Harry T. Herring, formerly a lieutenant colonel in the United States

Army, as a lieutenant colonel in the United States Army and his retirement in that grade; to the Committee on Military Affairs.

S. 1470. An act to provide a preliminary examination of Spokane River and its tributaries in the State of Idaho, with a view to the control of their floods; to the Committee on Flood Control.

S. 1495. An act authorizing the President to order Donald O. Miller before a retiring board for a hearing of his case and upon the findings of such board determine whether or not he be placed on the retired list with the rank and pay held by him at the time of his separation; to the Committee on Military Affairs.

S. 1497. An act to authorize the appointment of First Lt. Claude W. Shelton, retired, to the grade of captain, retired, in the United States Army; to the Committee on Military Affairs.

S. 1505. An act for the relief of William Edward Tidwell; to the Committee on Military Affairs.

S. 1626. An act for the refunding of certain countervailing customs duties collected upon logs imported from British Columbia; to the Committee on the Judiciary.

S. 1824. An act for the relief of Abraham Green; to the Committee on Claims.

S. 2131. An act to provide for the establishment of the Big Bend National Park in the State of Texas, and for other purposes; to the Committee on the Public Lands.

S. 2185. An act to amend an act entitled "An act to accept the cession by the State of Oregon of exclusive jurisdiction over the lands embraced within the Crater Lake National Park, and for other purposes"; to the Committee on the Public Lands.

S. 2193. An act to provide for the construction, extension, and improvement of public-school buildings in Duchesne County, Utah; to the Committee on Indian Affairs.

S. 2215. An act to amend the act entitled "An act to provide for the collection and publication of statistics of tobacco by the Department of Agriculture", approved January 14, 1929, as amended; to the Committee on Agriculture.

S. 2225. An act authorizing adjustment of the claim of the Western Union Telegraph Co.; to the Committee on Claims.

S. 2276. An act to authorize participation by the United States in the Interparliamentary Union; to the Committee on Foreign Affairs.

S. 2292. An act for the relief of Emanuel Wallin; to the Committee on the Public Lands.

S. 2298. An act for the relief of Sallie S. Twilley; to the Committee on Claims.

S. 2312. An act for the relief of the Western Construction Co.; to the Committee on Claims.

S. 2356. An act to amend the act entitled "An act for the relief of contractors and subcontractors for the post offices and other buildings and work under the supervision of the Treasury Department, and for other purposes", approved August 25, 1919, as amended by act of March 6, 1920; to the Committee on Public Buildings and Grounds.

S. 2407. An act for the relief of Gordon McGee; to the Committee on Military Affairs.

S. 2453. An act to amend section 80 of chapter 9 of an act to amend the act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898; to the Committee on the Judiciary.

S. 2471. An act to amend section 80 of chapter 9 of an act to amend the act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898; to the Committee on the Judiciary.

S. 2516. An act for the relief of Anthony J. Constantino; to the Committee on Military Affairs.

S. 2647. An act authorizing the Comptroller General of the United States to settle and adjust the claims of subcontractors, materialmen, and laborers for material and labor furnished in the construction of a post-office building at Hempstead, N. Y.; to the Committee on Public Buildings and Grounds.

S. J. Res. 42. Joint resolution to amend section 289 of the Criminal Code; to the Committee on the Judiciary.

S. J. Res. 56. Joint resolution authorizing the publication as a public document of America Secure: Analytical Register of Regular Army Officers and Security Statistics, with Graphs, 1775–1935; to the Committee on Military Affairs.

S. J. Res. 89. Joint resolution directing the Comptroller General to readjust the account between the United States and the State of Vermont; to the Committee on War Claims.

### ENROLLED BILL SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 6223. An act making appropriations for the Department of the Interior for the fiscal year ending June 30, 1936, and for other purposes.

### BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H. R. 1488. An act for the relief of Rose Burke;

H. R. 1565. An act for the relief of Frank R. Carpenter, alias Frank R. Carvin;

H. R. 2464. An act for the relief of C. H. Hoogendorn;

H. R. 2473. An act for the relief of William L. Jenkins;

H. R. 3098. An act for the relief of Bertha Ingmire;

H. R. 3275. An act for the relief of Fred L. Seufert;

H. R. 3370. An act for the relief of Carrie K. Currie, doing business as Atmore Milling & Elevator Co.;

H. R. 3787. An act for the relief of Robert D. Hutchinson;

H. R. 3911. An act for the relief of Sarah J. Hitchcock;

H. R. 5133. An act for the relief of Nellie Oliver;

H. R. 6084. An act to authorize the city of Ketchikan, Alaska, to issue bonds in any sum not to exceed $1,000,000 for the purpose of acquiring the electric light and power, water, and telephone properties of the Citizens' Light, Power & Water Co., and to finance and operate the same, and validating the preliminary proceedings with respect thereto, and for other purposes;

H. R. 6223. An act making appropriations for the Department of the Interior for the fiscal year ending June 30, 1936, and for other purposes; and

H. R. 7132. An act to authorize the Secretary of the Navy and the Secretary of Commerce to exchange a portion of the naval station and a portion of the lighthouse reservation at Key West, Fla.

### ADJOURNMENT

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; and accordingly (at 5 o'clock and 1 minute p. m.), the House adjourned until tomorrow, Saturday, May 4, 1935, at 12 o'clock noon.

## COMMITTEE HEARINGS

### COMMITTEE ON MERCHANT MARINE AND FISHERIES

(Saturday, May 4, 10 a. m.)

Will continue hearings on the bill (H. R. 7521) pertaining to merchant marine subsidy.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. GILCHRIST: Committee on Agriculture. H. R. 2066. A bill to liquidate and refinance agricultural indebtedness at a reduced rate of interest by establishing an efficient credit system, through the use of the Farm Credit Administration, the Federal Reserve Banking System, and creating a Board of Agriculture to supervise the same; without amendment (Rept. No. 819). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROBINSON of Utah: Committee on Irrigation and Reclamation. H. R. 6773. A bill to deepen the irrigation channel between Clear Lake and Lost River, in the State of California, and for other purposes; without amendment (Rept. No. 820). Referred to the Committee of the Whole House on the state of the Union.

Mr. SWEENEY: Committee on the Post Office and Post Roads. H. R. 5723. A bill to give certain railway postal clerks the same time credits for promotion purposes as were given others who were promoted on July 1, when automatic promotions were restored; without amendment (Rept. No. 821). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROMJUE: Committee on the Post Office and Post Roads. H. R. 5596. A bill granting equipment allowance to third-class postmasters; without amendment (Rept. No. 822). Referred to the Committee of the Whole House on the state of the Union.

## CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 5151) granting a pension to Rebecca Patterson; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 2997) granting a pension to Harriett Ware; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 2994) granting a pension to Adah C. Seed; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 2523) for the relief of Walter C. Blake; Committee on Military Affairs discharged, and referred to the Committee on Claims.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MARTIN of Colorado: A bill (H. R. 7873) to give the consent and approval of Congress to the extension of the terms and provisions of the present Rio Grande compact signed at Santa Fe, N. Mex., on February 12, 1929, and heretofore approved by act of Congress dated June 17, 1930, Public, No. 370, Seventy-first Congress (46 Stat. 767); to the Committee on Irrigation and Reclamation.

By Mr. PALMISANO: A bill (H. R. 7874) to change the name of the German Orphan Asylum Association of the District of Columbia to the German Orphan Home of the District of Columbia; to the Committee on the District of Columbia.

By Mr. KIMBALL: A bill (H. R. 7875) to provide for the transfer of certain land in the city of Charlotte, Mich., to such city; to the Committee on Public Buildings and Grounds.

By Mr. SAUTHOFF: A bill (H. R. 7876) to amend section 66 of the Judicial Code to provide for the enforcement of the lien of State and local taxes against property in the possession of receivers and other officers of the United States courts without leave of such courts; to the Committee on the Judiciary.

By Mr. SMITH of Virginia: A bill (H. R. 7877) to revive and reenact the act entitled "An act authorizing the Great Falls Bridge Co. to construct, maintain, and operate a bridge across the Potomac River at or near Great Falls", approved April 21, 1928; to the Committee on Interstate and Foreign Commerce.

By Mr. RAMSPECK: A bill (H. R. 7878) to amend the Classification Act of March 4, 1923, as amended; to the Committee on the Civil Service.

By Mr. SMITH of Virginia: A bill (H. R. 7879) to provide for the purchase of certain property in Alexandria, Va., used by George Washington, with a view to preservation of such property as a national shrine; to the Committee on the Public Lands.

By Mr. DIMOND: A bill (H. R. 7880) to authorize the incorporated town of Sitka, Alaska, to construct a municipal electric-generating station and electric-distribution system, and for such purposes to issue bonds in any sum not exceeding $52,000; to the Committee on the Territories.

Also, a bill (H. R. 7881) to authorize the incorporated town of Sitka, Alaska, to construct a municipal gymnasium and athletic field and for such purposes to issue bonds in any sum not exceeding $23,000, and to authorize said town to accept grants of money to aid it in financing any public works; to the Committee on the Territories.

Also, a bill (H. R. 7882) to authorize the incorporated city of Anchorage, Alaska, to construct a municipal building and purchase and install a modern telephone exchange and for such purposes to issue bonds in any sum not exceeding $75,000, and to authorize said city to accept grants of money to aid it in financing any public works; to the Committee on the Territories.

By Mr. FULMER: A bill (H. R. 7883) to limit appointments hereafter made to the Interstate Commerce Commission so that not more than one individual from any one Federal land-bank district shall serve thereon; to the Committee on Interstate and Foreign Commerce.

By Mr. LEMKE: A bill (H. R. 7884) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mr. McLEOD: A bill (H. R. 7885) to amend the act entitled "An act to provide for the appointment of Army field clerks and field clerks, Quartermaster Corps, as warrant officers, United States Army"; to the Committee on Military Affairs.

By Mr. CANNON of Missouri: Joint resolution (H. J. Res. 271) for the designation of a street to be known as "Missouri Avenue"; to the Committee on the District of Columbia.

## MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Florida, regarding the campaign for the eradication of the Mediterranean fruit fly; to the Committee on Agriculture.

Also, memorial of the Legislature of the State of Connecticut, regarding the enlargement of the veterans' hospital at Newington, Conn.; to the Committee on World War Veterans' Legislation.

## PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DARDEN: A bill (H. R. 7886) for the relief of Merritt Rea; to the Committee on Claims.

Also, a bill (H. R. 7887) granting an increase of pension to Carl Enevoldsen; to the Committee on Pensions.

By Mr. DEMPSEY: A bill (H. R. 7888) for the relief of Rhuea Pearce; to the Committee on Claims.

By Mr. DIMOND: A bill (H. R. 7889) for the relief of Werner Ohls; to the Committee on Claims.

By Mr. MEAD: A bill (H. R. 7890) for the relief of William Arthur Elmore; to the Committee on Naval Affairs.

By Mr. SNYDER: A bill (H. R. 7891) granting an increase of pension to Ella N. Herwick; to the Committee on Invalid Pensions.

By Mr. WELCH: A bill (H. R. 7892) for the relief of Ada E. Sivley and George C. Sivley; to the Committee on Claims.

## PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

8226. By Mr. CARTER of California: Assembly Joint Resolution No. 38, State of California, memorializing the President and Congress to enact House Joint Resolution No. 143, authorizing the Distinguished Service Medals to Tony Siminoff, Oliver F. Rominger, and Robert E. Beck, veterans of the Philippine Insurrection; to the Committee on Military Affairs.

8227. By Mr. FORD of California: Memorial of the California State Assembly, favoring House bill 2772, declaring the 9th day of September, California's Admission Day, a legal holiday for all officers and employees of the United States whose headquarters are in California; to the Committee on the Judiciary.

8228. By Mr. GOODWIN: Petition of the Dairymen's League, Bloomingburg, Sullivan County, N. Y., opposing the passage of the Eastman bill (S. 1629); to the Committee on Interstate and Foreign Commerce.

8229. By Mr. KENNEY: Petition of the Board of Social Service of the Episcopal Church in the Diocese of Newark, endorsing the Pettengill bill (H. R. 6472); to the Committee on Interstate and Foreign Commerce.

8230. Also, petition of Columbia Council, No. 8, of New Jersey, representing the Sons and Daughters of Liberty, urging upon Congress favorable consideration and immediate passage of House bill 5921; to the Committee on Immigration and Naturalization.

8231. By Mr. MARTIN of Massachusetts: Memorials of the General Court of Massachusetts, relative to protection of American industry and employees from foreign competition and requesting the President to exercise certain powers under the National Industrial Recovery Act for the benefit of the cotton textile industry; to the Committee on Ways and Means.

8232. By Mr. PFEIFER: Petition of Lea & Perrins, Inc., New York, concerning bill to amend the Agricultural Adjustment Act (H. R. 7713); to the Committee on Agriculture.

8233. By Mr. RUDD: Petition of War Veterans and Sons' Association, John Martin, secretary, room 13, Borough Hall, Brooklyn, N. Y., concerning the passage of House bill 5541; to the Committee on the Judiciary.

8234. By Mr. TRUAX: Petition of Cleveland Wire Cloth & Manufacturing Co., Cleveland, Ohio, by their president, A. L. Crone, urging a continuance of the excise tax on foreign copper of 4 cents per pound being a part of revenue bill, 1932, which automatically expires in June of this year unless renewed by Congress; to the Committee on Ways and Means.

8235. Also, petition of the Toledo Women's Trade Union League, Toledo, Ohio, by their secretary, Margaret Brangan, urging support of the Wagner labor disputes bill, as they believe it will mean a strengthening of section 7a by providing more adequate enforcement, the outlawing of company unions, and the fulfillment of the great promise of the new deal to labor of the right to organize and bargain collectively; and favoring the reenactment of the National Recovery Act; to the Committee on Labor.

8236. Also, petition of the Howland Women's Nonpartisan Club, Howland, Ohio, by their secretary, Olive E. McBride, urging support of the Wheeler-Rayburn bill; to the Committee on Interstate and Foreign Commerce.

8237. Also, petition of the Great Lakes Regional Advisory Board, Cleveland, Ohio, by Frank H. Baer, general secretary, opposing Government ownership and operation of railroads and any tendency thereto, as Government ownership and operation of railroads in the United States would inevitably introduce political influences into rate making, employment, service, and construction, and abandonment of facilities regardless of adequacy, efficiency, and economy; to the Committee on Interstate and Foreign Commerce.

8238. Also, petition of members of the Blind Post, No. 5, D. V. U. S., by Harold J. Distelzewig, commander, asking support of House bill 5055, by Congressman DOCKWEILER, as only 9 of the 40 blind veterans in their post receive pensions and the facility is put to great expense to care for them; to the Committee on Pensions.

8239. By Mr. WELCH: Assembly Joint Resolution No. 51 of the California State Legislature, relative to memorializing the President and the Congress to enact legislation (H. R. 2772) declaring Admission Day a holiday for all officers and employees of the United States whose headquarters are in California; to the Committee on Expenditures in the Executive Departments.

8240. By the SPEAKER: Petition of the Faust Post, No. 281, American Legion; to the Committee on Ways and Means.

8241. Also, petition of the Chamber of Commerce of the State of New York; to the Committee on Ways and Means.

8242. Also, petition of the Women's Missionary Society of the First Methodist Church South, of Lexington, Ky.; to the Committee on Naval Affairs.

8243. Also, petition of the American Cotton Manufactures Association, of Charlotte, N. C.; to the Committee on Agriculture.

8244. Also, petition of the Common Council of the city of Delaware, Ohio; to the Committee on the Judiciary.

8245. Also, petition of the Journeymen Tailors Union of America, Local No. 1, New York City; to the Committee on the Judiciary.

8246. By Mr. BUCKBEE: Petition of the members of Fred Bennitt Camp, No. 3, United Spanish War Veterans, Pontiac, Ill., urging Congress to pass House bill 6995 to restore the Spanish War veterans' pensions; to the Committee on Pensions.

8247. By Mr. BUCKLER of Minnesota: Petition of Arthur N. Barnard, president, and K. G. A. Springer, secretary, of the Civic and Commerce Association of Fergus Falls, Otter Tail County, Minn., praying for the passage of House bill 3263, the so-called "Pettengill bill"; to the Committee on Interstate and Foreign Commerce.

8248. Also, petition of L. Jensen, president, and Edward D. Rydeen, secretary-manager, of the board of directors of the Cooperative Creamery Association, of Clearbrook, Minn., praying for the maintenance of the 1930 tariff structure as applied to dairy products; to the Committee on Ways and Means.

8249. Also, petition of the Ralph Gracie Post, No. 14, of the American Legion of Bemidji, of Beltrami County, Minn., praying for opposition and negative action of Congress to the proposed setting off of the private lands along east and north shores of Red Lake in Beltrami County, Minn., and adding them to the Red Lake Indian Reservation; to the Committee on the Public Lands.

8250. Also, petition of Albert Henderson, commander, and Swan Neslund, adjutant, and members of the American Legion, Department of Minnesota, of Clearbrook and vicinity in Minnesota, asking for passage of the Smith bill (H. R. 6995) to restore pensions to veterans of the Boxer Rebellion and Philippine Insurrection; to the Committee on Pensions.

8251. By Mr. McCORMACK: Resolution of the Massachusetts Legislature, memorializing Congress in favor of requesting the President of the United States to exercise certain powers under the National Industrial Recovery Act for the benefit of the cotton-textile industry; to the Committee on Appropriations.

8252. Also, resolution of the Massachusetts Legislature, relative to protection of American industry and employees from foreign competition; to the Committee on Ways and Means.

## HOUSE OF REPRESENTATIVES

SATURDAY, MAY 4, 1935

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Eternal God, we pray in the name of Him, whose face was marred, whose hands were pierced, and who denied Himself even unto death. We praise Thee, for He sings the deathless song of the immortal soul. Thou who art our Father, lift us to the gleaming hilltops of spiritual life and power. In Thee life is made worthy when we take the cup which Thou hast forever filled. Holy Spirit, urge us to altruistic planning, noble thinking, and generous doing. We pray that these may work through us in the wasted places of humanity. Grant that our ambition may be to gain distinction through deeds and to make it increasingly known that we are clean hearted, clean handed, and clean tongued; thus we shall ascend into the holy hill where dwell the good and the nobly great. In the name of our Redeemer. Amen.

The Journal of the proceedings of yesterday was read and approved.